

## EXHIBIT 265

1                   IN THE UNITED STATES DISTRICT COURT  
2                   FOR THE NORTHERN DISTRICT OF OHIO  
3                   EASTERN DIVISION

4                   IN RE NATIONAL PRESCRIPTION  
5                   OPIATE LITIGATION                   Hon. Dan A. Polster  
6                   THIS DOCUMENT APPLIES TO ALL                   MDL No. 2804  
7                   CASES                   No. 17-MD-2804

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9                   HIGHLY CONFIDENTIAL -  
10                  SUBJECT TO FURTHER CONFIDENTIALITY REVIEW

11                  --    --    --

12                  THURSDAY, JANUARY 10, 2019

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14                  Videotaped Deposition of DONALD WALKER, held  
15                  at the Law Offices of COVINGTON & BURLING, One Front  
16                  Street, 35th Floor, San Francisco, California,  
17                  beginning at 8:57 a.m., before Sandra Bunch  
18                  VanderPol, FAPR, RMR, CRR, CALIFORNIA CSR #3032

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21  
22                  \_\_\_\_\_  
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7 Also Present:

8 BRIAN ASQUITH, Law Clerk  
9 EVAN WOLFE, Technical Support  
10 RYAN WONG, Videographer

11

12 Appearing Via Video/Realtime Stream:

13 AMY KENNEDY

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## I N D E X

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1 BE IT REMEMBERED that on Thursday, the 10th  
2 day of January, 2019, commencing at the hour of  
3 8:57 a.m. in the law offices of Covington & Burling,  
4 One Front Street, 35th Floor, San Francisco,  
5 California, before me, Sandra Bunch VanderPol, a  
6 Certified Shorthand Reporter in and for the State of  
7 California, personally appeared.

8 DONALD WALKER,  
9 called as a witness (McKesson), who, having been duly  
10 sworn, was thereupon examined and interrogated as  
11 hereinafter set forth.

12 --oOo--

13 THE VIDEOGRAPHER: We are now on the record.

14 My name is Ryan Wong. I'm a videographer  
15 for Golkow Litigation Services. Today's date is  
16 January 10th, 2019, and the time is 8:57 a.m.

17 This video deposition is being held in  
18 San Francisco, California, in the matter of National  
19 Prescription Opiate Litigation, for the United States  
20 District Court, Northern District of Ohio.

21 The deponent is Donald Walker.

22 Would counsel please identify themselves for  
23 the record.

24 MR. KENNEDY: Eric Kennedy, on behalf of  
25 plaintiffs.

1 MR. ASQUITH: Brian Asquith, plaintiffs.

2 MR. WOLFE: Evan Wolfe, tech support.

3 MS. URQUHART: Abigail Urquhart, on behalf  
4 of Walmart.

5 MR. LIVINGSTON: Scott Livingston, on behalf  
6 of HBC.

7 MR. O'CROININ: Conor O'Croinin, on behalf  
8 of CVS.

9 MS. KVESELIS: Emily Kveselis, for McKesson  
10 and the witness.

11 MS. HENN: Emily Henn, from Covington &  
12 Burling, on behalf of McKesson and Mr. Walker.

13 THE VIDEOGRAPHER: On the phone?

14 MR. SHAPLAND: Eric Shapland, on behalf of  
15 Endo and Par, at Arnold & Porter.

16 MR. BUSHAR: Joseph Bushar, of Williams &  
17 Connolly, on behalf of Cardinal Health.

18 MS. RURANGIRWA: Linda Rurangirwa.  
19 Collinson, Daehnke, on behalf of C&R Pharmacy.

20 MS. ROCCHINO: Samantha Rocchino, of Reed  
21 Smith, LLP, on behalf of AmerisourceBergen Drug  
22 Corporation.

23 THE VIDEOGRAPHER: The court reporter is  
24 Sandy VanderPol, and she will now swear in the  
25 witness.

1 THE REPORTER: Raise your right hand,  
2 please.

3 Do you solemnly swear or affirm that the  
4 testimony you are about to give in this proceeding  
5 will be the truth, the whole truth, and nothing but  
6 the truth, so help you God?

7 THE WITNESS: I do.

8 EXAMINATION

9 BY MR. KENNEDY:

10 Q. Sir, my name is Eric Kennedy. You  
11 understand that I represent the plaintiffs in this  
12 case?

13 A. I do.

14 Q. And could you please state your full  
15 name for the record.

16 A. Donald Walker.

17 Q. And are you currently employed?

18 A. I am not.

19 Q. And your prior employer was McKesson;  
20 would that be true?

21 A. That's correct.

22 Q. And so the jury understands where we  
23 are today, we are in San Francisco; are we not?

24 A. Yes, we're in San Francisco.

25 Q. And San Francisco would be the



1 worldwide corporate headquarters of McKesson  
2 Corporation; would that be true?

3 MS. HENN: Objection to form.

4 THE WITNESS: McKesson's corporate  
5 headquarters is currently in San Francisco,  
6 California.

7 BY MR. KENNEDY:

8 Q. And we are at the offices of your  
9 attorney at this present time; yes?

10 A. Yes, we are.

11 Q. When did you begin your career with  
12 McKesson?

13 A. I joined McKesson in 1987.

14 Q. And when you joined them, what was  
15 your position?

16 A. My first position with McKesson was  
17 as a Transportation Manager with one of the  
18 subsidiary companies that McKesson had.

19 Q. Were your responsibilities in any way  
20 involved with the regulatory affairs at that time?

21 A. No.

22 Q. And what was the next position that  
23 you held with McKesson?

24 A. I held the position with the -- what  
25 was then the McKesson Drug Company and

1     Transportation, and had responsibility for  
2     transportation planning.

3                 Q.     And when did you take that position?

4                 A.     About 1991.

5                 Q.     Did that position have anything to do  
6     with regulatory affairs of the distribution of  
7     opioids?

8                 A.     No, it did not.

9                 Q.     What did that position basically  
10    involve?

11                A.     The transportation position that I  
12    held was really a position of optimizing delivery  
13    efficiencies for our distribution centers.

14                Q.     What was your next position at  
15    McKesson?

16                A.     I was the Distribution Center Manager  
17    of our Sacramento Distribution Center.

18                Q.     When did you take that position?

19                A.     My best recollection is about 1992.

20                Q.     And what were your duties and  
21    responsibilities then, as the manager of a  
22    distribution center?

23                A.     I had responsibility for oversight of  
24    our daily distribution of pharmaceuticals to  
25    pharmacies served by that distribution center.

1 Q. And that position would have involved  
2 the distribution of opioids; would it not?

3 A. As part of our distribution, we did  
4 distribute controlled substances to pharmacies.

5 Q. Did you have any responsibility at  
6 that point in time with respect to the creation,  
7 management or implementation of anti-diversion  
8 regulations and policies at McKesson?

9 MS. HENN: Object to form.

10 THE WITNESS: No. At that time I was  
11 executing against existing policies the company had  
12 in place.

13 BY MR. KENNEDY:

14 Q. What were in place from 1992 to the  
15 late '90s? What was the policy in place?

16 A. There were -- the policies we had  
17 were contained in our Operations Manuals that  
18 specified our responsibilities to comply to  
19 regulations for handling and distribution of  
20 controlled substances.

21 Q. We know about the existence of  
22 Standard Operating Procedure 55. Are you familiar  
23 with that?

24 A. Yes.

25 Q. Was that the policy and procedure

1     that was in place in the 1990s?

2                   A.       The Section 55 of our Operations  
3     Manual covered the responsibilities with the handling  
4     and distribution of controlled substances.

5                   Q.       Sir, that wasn't my question. I was  
6     asking, was Standard Operating Procedure Section 55,  
7     was that the policy in place in the 1990s?

8                   A.       My recollection is that Section 55  
9     was the applicable policy in place during a period in  
10    the 1990s.

11                  Q.       How long did you hold the position as  
12    a Distribution Center Manager?

13                  A.       I recall it was approximately 18  
14    months.

15                  Q.       So sometime in 1993/'94, you took on  
16    a new position?

17                  A.       Yes. In 19 -- in that time frame, I  
18    don't recall exactly when, I was promoted to a new  
19    position of Vice President of Distribution Operations  
20    for their Western Region.

21                  Q.       Western Region would be the western  
22    part of the United States?

23                  A.       Yes.

24                  Q.       And what were your responsibilities  
25    as VP of Distribution of the Western Region?

1           A.       I had responsibility for the  
2     operations staff in the distribution centers that  
3     comprised the Western Region. So the distribution  
4     center managers that operated those facilities  
5     reported to me.

6           Q.       And at that point in time -- how  
7     long -- how long did you hold that position?

8           A.       I held that position until about  
9     1996.

10          Q.       And in that position, did you have  
11     responsibility -- other than the following of SOP 55,  
12     did you have any duties, responsibilities, with the  
13     creation and the management of anti-diversion  
14     policies and procedures at McKesson?

15          MS. HENN: Objection to form.

16          THE WITNESS: In that role I had  
17     responsibility for the distribution centers and their  
18     execution of their responsibilities under Section 55  
19     to the handling and distribution of controlled  
20     substances.

21     BY MR. KENNEDY:

22          Q.       You held that position till what  
23     year, the VP of the Western Region?

24          A.       Approximately 1996.

25          Q.       And what position did you take in

1 1996?

2 A. In 1996 I was promoted to the Senior  
3 Vice President of Distribution for McKesson  
4 Pharmaceutical.

5 Q. Was that a new position also?

6 MS. HENN: Objection to form.

7 THE WITNESS: No. That position, I  
8 succeeded an individual who retired from the company.

9 BY MR. KENNEDY:

10 Q. Is that the position you held until  
11 the time of your retirement?

12 A. Yes, with the exception of a period  
13 of time from approximately 2000 to 2005 where I was  
14 responsible for our Six Sigma organization.

15 Q. And what is that?

16 A. Six Sigma is a process improvement  
17 methodology that we introduced to the company at that  
18 time, and I was the senior leader of our Six Sigma.

19 Q. Did the Six Sigma project in any way  
20 relate to the distribution of opioids?

21 A. Not that I recall.

22 Q. From '96 to 2000, in this four-year  
23 period, what are your responsibilities as a Senior VP  
24 of Distribution as it related to the distribution of  
25 opioids?

1           A.       As the Senior Vice President of  
2   Distribution, included in my responsibility was our  
3   Regulatory Affairs Group. It was our overall  
4   responsibility to ensure that we were complying with  
5   regulations associated with the handling and  
6   distribution of controlled substances.

7           Q.       And would that be on a national  
8   basis?

9           A.       Yes.

10          Q.       Then from 2000 to 2005, when you no  
11   longer had your responsibilities as Senior VP of  
12   Distribution, who took over your responsibilities  
13   during this five-year period?

14          A.       I recall there were two different  
15   individuals that had responsibility during that time  
16   frame, a Ron Bone and a Brian Magerkurth.

17          Q.       And so they had taken over your  
18   responsibilities as it related to McKesson's  
19   responsibilities as a distributor relating to the  
20   distribution of opioids?

21          A.       During -- during that time they would  
22   have had the responsibility for our Regulatory  
23   Affairs, yes.

24          Q.       And would their responsibility and  
25   your responsibility, when you were acting as the

1 Senior VP, would that have related to the policies  
2 and procedures of McKesson in relation to suspicious  
3 order monitoring?

4 MS. HENN: Objection to form.

5 THE WITNESS: As part of our overall  
6 policies, it did include reporting of suspicious  
7 orders.

8 (Exhibit No. 690 was marked.)

9 BY MR. KENNEDY:

10 Q. I am going to show you what we have  
11 marked as Plaintiffs' Exhibit 690, if you would,  
12 please.

13 MS. HENN: Do you have a second copy for the  
14 counsel over here? `

15 UNIDENTIFIED SPEAKER ON TELEPHONE: And if  
16 it does have a Bates number, if that could be read  
17 into the record, it would be appreciated.

18 MR. KENNEDY: The Bates number,  
19 McKessonMDL00409116 -- that's the starting Bates --  
20 to -73. To -173.

21 BY MR. KENNEDY:

22 Q. Mr. Walker, what is the date on this  
23 document, if you look at the cover page?

24 A. The date is March 12th, 2014.

25 Q. Large capitals, "McKesson



1 Corporation"?

2 A. Yes.

3 Q. And the title would be the,  
4 "Presentation to the U.S. Attorney's Office, Northern  
5 District of West Virginia, and DEA." Do you see  
6 that?

7 A. Yes.

8 Q. If you will -- if you will go to page  
9 -122, the last three -- the last three numbers in the  
10 bottom right-hand corner.

11 Is the title of this McKesson's Regulatory  
12 Affairs team, Pre-Settlement"?

13 MS. HENN: Objection to form.

14 THE WITNESS: Yes.

15 BY MR. KENNEDY:

16 Q. Presettlement would be prior to 2008;  
17 would that be true? There was a settlement between  
18 McKesson and the DEA in 2008; do you recall that?

19 A. I recall the settlement in 2008, yes.

20 Q. And this is referencing a  
21 pre-settlement; do you see that?

22 A. I see that.

23 Q. My question being, from 2000 to -- up  
24 to 2008, the time of the settlement, would this have  
25 been the regulatory team at McKesson?

1 MS. HENN: Objection to form.

2 THE WITNESS: Can you repeat.

3 BY MR. KENNEDY:

4 Q. In this time frame, prior to the  
5 settlement, prior to 2008, would this presentation to  
6 the government -- would this presentation to the  
7 government accurately reflect the regulatory team at  
8 McKesson?

9 A. The regulatory -- counsel, if your  
10 question is if this was the regulatory team prior to  
11 2008, yes.

12 Q. And --

13 A. I'm not familiar with this document.  
14 So that's why I'm answering the question that way.

15 Q. I just thought I might help you with  
16 recollecting back to this period of time.

17 And so my question is, Bruce Russell is one  
18 of three of the regulatory team. Do you remember  
19 when he was brought on at McKesson, prior to 2008 to  
20 make up the regulatory team?

21 A. I don't recall specifically when he  
22 was brought on. When I joined the company, Bruce was  
23 already an employee of McKesson.

24 Q. All right. And do you know when he  
25 took this position as part of the regulatory team?

1           A.       I don't recall specifically. He held  
2       several -- several different positions. I know that  
3       it did include regulatory, but I don't know the  
4       dates.

5           Q.       And do you know when Mr. Hilliard was  
6       brought on and made part of the regulatory team at  
7       McKesson?

8           A.       Again, I don't recall the specific  
9       date. But Mr. Hilliard joined our regulatory team as  
10      a result of our acquisition of Foxmeyer Corporation.

11          Q.       And when we talk about a regulatory  
12      team, can we be in agreement we are talking about the  
13      team that managed -- managed and implemented the  
14      policies in relation to the distribution of opioids;  
15      would that be correct?

16          MS. HENN: Objection to form.

17          THE WITNESS: The regulatory team had  
18      responsibility for ensuring the policies were current  
19      and in compliance with the regulation, and provided  
20      oversight and guidance to our distribution center  
21      teams to ensure that all of our distribution centers  
22      were in compliance.

23      BY MR. KENNEDY:

24          Q.       And when we're talking about  
25      compliance, we're talking about -- that would include

1 compliance as it relates to the distribution of  
2 opioids; true?

3 A. It would include the distribution of  
4 controlled substances, yes.

5 Q. Opioids; correct? They were a  
6 controlled substance?

7 A. The -- we had responsibility for all  
8 controlled substances.

9 Q. Okay. I want you -- it's just a  
10 simple "yes" or "no" question.

11 Opioids are a controlled substance; are they  
12 not? "Yes" or "no."

13 A. I understand narcotics are a  
14 controlled substance, as defined by the DEA, but I  
15 don't have the expertise to understand. We  
16 understood them to be controlled substances.

17 Q. Well, let me ask you this. You were  
18 in charge of regulatory; you worked at the  
19 distribution center; you had a long career working  
20 directly with the DEA; correct? Correct?

21 MS. HENN: Objection to form.

22 THE WITNESS: I had a long career with  
23 McKesson that included interaction with DEA.

24 BY MR. KENNEDY:

25 Q. And are you saying that you have

1 never understood that opioids were a controlled  
2 substance?

3 A. In the regulations, I understand  
4 narcotics to be a controlled substance. And what I  
5 can't answer for you is whether opioids specifically  
6 are called out in the regulation.

7 We were responsible for the oversight and  
8 control of controlled substances, including  
9 narcotics.

10 Q. Okay. My question is very simple.  
11 In your long career at McKesson -- and at the end of  
12 the day you were the boss with respect to  
13 regulation -- and are you saying that, as you sit  
14 here today, you never understood that opioids were a  
15 controlled substance that the federal government was  
16 addressing when they put the Controlled Substance Act  
17 into law in 1970? You never understood that; is that  
18 your testimony, sir?

19 MS. HENN: Objection to form.

20 BY MR. KENNEDY:

21 Q. I'm asking you about opioids.

22 A. Again, I very specifically understood  
23 narcotics, and I --

24 Q. And you didn't know about opioids?

25 A. And I don't recall opioids being in

1 the regulation.

2 Q. Let me ask you, did you recall, in  
3 your long, long career, did you know whether or not  
4 oxycodones were within the topic of controlled  
5 substances that the DEA and Congress of the  
6 United States were intending to be within the purview  
7 of what they wanted regulated? Did you understand  
8 oxycodones were a part of that?

9 MS. HENN: Objection to form.

10 THE WITNESS: I understood oxycodone to be a  
11 Class 2 narcotic, yes.

12 BY MR. KENNEDY:

13 Q. A controlled substance that you had  
14 the responsibility at McKesson to regulate; correct?  
15 You understood that?

16 A. Yes.

17 Q. Did you understand that hydrocodones  
18 were within the purview of controlled substances that  
19 the government and the DEA and Congress intended to  
20 be subject to their regulation and distribution?

21 A. Yes.

22 Q. The three folks that we see here  
23 making up the regulatory team -- and, again, when I  
24 say "regulatory team" or "Regulatory Affairs," we  
25 could understand that what we are talking about are

1 the responsibilities of McKesson as it related to the  
2 prevention of diversion of controlled substances; you  
3 understand that?

4 MS. HENN: Objection to form.

5 THE WITNESS: I would describe our  
6 regulatory team as having responsibility to ensure  
7 that our distribution centers were complying with all  
8 regulations, to which McKesson was obligated.

9 BY MR. KENNEDY:

10 Q. Well, tell me what regulations  
11 McKesson was obligated to with respect to the  
12 distribution of controlled substances, then, so maybe  
13 we can communicate better. Tell me.

14 In this period prior to 2008, tell me the  
15 regulations that you just referred to that McKesson  
16 was responsible to follow.

17 A. At a high level, the responsibility  
18 of our distribution centers was to ensure the safe  
19 handling, security, recordkeeping associated with the  
20 distribution and handling of controlled substances  
21 and to -- specifically under the regulation, to guard  
22 against diversion and report suspicious orders.

23 Q. And that was under this -- this  
24 umbrella of Regulatory Affairs; correct?

25 A. Yes, under our Regulatory Affairs

1 Group, including our distribution centers, that was  
2 our compliance responsibility.

3 Q. And prior to 2008, as you've  
4 represented to the DEA in this slide presentation,  
5 prior to 2008, these three folks, Mr. Walker,  
6 Mr. Russell, Mr. Hilliard, they made up the  
7 regulatory team; true?

8 MS. HENN: Objection to the form.

9 THE WITNESS: Prior to 2008, this was the  
10 regulatory team.

11 BY MR. KENNEDY:

12 Q. So during this period prior to 2008,  
13 I want to focus on 2005 to start with; all right?

14 A. Okay.

15 Q. 2005 there was an opioid crisis in  
16 the United States; was there not?

17 MS. HENN: Objection to form.

18 THE WITNESS: I -- I don't have the specific  
19 knowledge or recollection that there was an opioid  
20 crisis in the United States at the time.

21 BY MR. KENNEDY:

22 Q. In 2005?

23 A. Correct.

24 Q. Let me ask you this. Is it just that  
25 you don't remember back to 2005, or is it that you



1 believe that back in 2005 you weren't conscious of an  
2 opioid crisis in this country?

3 A. I don't recall when the term --  
4 basically, the public information associated with  
5 what eventually was termed "the opioid crisis" first  
6 was identified.

7 Q. Well, let me ask. In 2005 you  
8 understood McKesson was selling more opioid narcotics  
9 than any company in the United States? You knew  
10 that, didn't you?

11 MS. HENN: Objection to form.

12 THE WITNESS: No, I don't have any specific  
13 information or recollection that our quantities were  
14 the largest in the United States.

15 BY MR. KENNEDY:

16 Q. As you sit here today, do you know  
17 and do you understand that over the years McKesson  
18 has been the largest distributor of opioids in this  
19 country?

20 MS. HENN: Objection to form.

21 THE WITNESS: No, I don't have that  
22 knowledge.

23 BY MR. KENNEDY:

24 Q. In 2005 McKesson was selling  
25 oxycodones, were they not?



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

10 Q. That's not what I'm asking you. And  
11 you -- you're the right guy, and you understand --  
12 you heard my question; did you not?

13 MS. HENN: Counsel, could you just ask a  
14 question, please.

15 BY MR. KENNEDY:

16 Q. Did you hear my question, sir?

17 A. I heard your question.

18 Q. Did you understand my question?

19 A. I understood your question.

20 Q. I'm going to ask it again, maybe in a  
21 little different way.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

10 Q. And I'm going to move to strike. And  
11 I'm going to ask you again.

12 I want to know about your responsibility to  
13 know. I don't want you to parrot something that you  
14 want to say or have been prepared to say. I want you  
15 to answer my question; all right?

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

12                   Q.       So are you going to refuse to answer

13       that question? I want to know, and I will move on.

14       If you are not going to answer that question, I will

15       move on.

16                   Are you refusing to answer my question?

17                   MS. HENN: Counsel, please just pose

18       questions. He will answer them.

19       BY MR. KENNEDY:

20                   Q.       Are you refusing to answer my

21       question, sir?

22                   MS. HENN: Objection to form.

[REDACTED]

[REDACTED]

[REDACTED]

[illegible]

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99	99	99	99
100	100	100	100

[REDACTED]

18 Q. And I've written that accurately;  
19 correct? Simple question. If I haven't, I will  
20 rewrite it; I will write more.

21 Have I written that correctly with respect  
22 to Mr. Walker's view as head of regulatory, your view  
23 of McKesson's responsibility?

24 MS. HENN: Objection to form.

25 ///



1 BY MR. KENNEDY:

2 Q. Have I written that accurately, sir?

3 A. That appears to be what I said.

4 Q. Very good. All right.

5 So let's take a look at whether or not

6 McKesson fulfilled its responsibility --

7 all right? -- according to Mr. Walker's view of their

8 responsibility. All right?

9 A. Okay.

10 (Exhibit No. 801 was marked.)

11 MR. KENNEDY: If you can give me

12 Exhibit 688, please.

13 (Exhibit No. 688 was marked.)

14 BY MR. KENNEDY:

15 Q. So let's look at McKesson's

16 fulfilling of its responsibility, then, as you have

17 described it. This is Exhibit 688, Bates -00496859

18 to -875.

19 This is a memorandum. Do you see that up at

20 the top, it says, "Memorandum"?

21 A. Yes. Give me just a minute.

22 Yes.

23 BY MR. KENNEDY:

24 Q. And this is a Memorandum. This is a

25 DEA document; is it not? Do you see the DEA logo,

1 U.S. Department of Justice, Drug Enforcement

2 Administration? This is a memo from the DEA, from  
3 their documents; true?

4 A. That's what's on the document, yes.

5 Q. Well, Mr. Walker, you have seen this  
6 document before; have you not? This came from your  
7 files.

8 A. Yes, I have seen this document.

9 MS. HENN: Objection to form.

10 BY MR. KENNEDY:

11 Q. When was the last time you saw this  
12 document?

13 A. I believe the most recent was in  
14 preparation for this deposition.

15 Q. All right. So this is a memorandum.

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

25 Q. And this is an internal memoranda



1           A.       Mr. Gilbert is outside counsel for  
2 McKesson.

3           Q.       All right. A lawyer; right?

4           A.       Yes, he's a lawyer.

5           Q.       Ronald Bone, Senior Vice President,  
6 Distribution Support. He's from McKesson; correct?

7           A.       Yes.

8           Q.       Gary Hilliard, Director of Regulatory  
9 Affairs was present; right?

10          A.       Yes.

11          Q.       And as far as that -- the hierarchy,  
12 the chain of command in Regulatory, he was right  
13 underneath you or he was two down from you; correct?  
14 We just looked at that.

15          A.       At -- that's not accurate. At this  
16 time I was not in the role of Senior Vice President  
17 of Distribution. But ultimately he was.

18          Q.       Okay. And Michael Mapes, from the  
19 DEA, was at the meeting; true? Is that what it  
20 indicates?

21          A.       That's what the document indicates.

22          Q.       Charles E. Trant, Office of Chief  
23 Counsel, Diversion and Regulatory Litigation  
24 Division, that was a lawyer from the DEA present at  
25 the meeting; true?

1 MS. HENN: Objection to form.

2 THE WITNESS: Again, that's what the  
3 document represents.

4 BY MR. KENNEDY:

5 Q. Jim Crawford, from the DEA, he was  
6 also there; correct?

7 A. According to the document.

8 Q. Kyle Wright, from the DEA, was also  
9 at the meeting, according to the document?

10 A. Yes, that's what's written.

11 Q. That last sentence in the first  
12 paragraph states:

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

21 Q. And you understand that they said  
22 they wanted to talk to you about source of supply.  
23 That's McKesson, because McKesson is a source of  
24 supply to pharmacies; true?

25 MS. HENN: Objection to form.

1 BY MR. KENNEDY:

2 Q. That's what they are talking about?

3 A. McKesson's role in the pharmaceutical  
4 supply chain is to supply pharmacies.

5 Q. They are a source of supply? That's  
6 what they are talking about in this memo; true?

7 MS. HENN: Objection to form.

8 THE WITNESS: I'm not sure what their intent  
9 in writing the "source of supply." But McKesson does  
10 supply pharmacies.

11 BY MR. KENNEDY:

12 Q. Are you telling me, you don't know  
13 what they mean by "source of supply"? You don't know  
14 what that means?

15 MS. HENN: Objection to form. Asked and  
16 answered.

17 BY MR. KENNEDY:

18 Q. Is that your testimony?

19 MS. HENN: Same objection.

20 THE WITNESS: Again, I'm not sure  
21 specifically what Mr. Mapes is intending or meaning  
22 there. What I can assure you is that McKesson  
23 supplies pharmacies.

24 BY MR. KENNEDY:

25 Q. All right. From your background,

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

11           Q.       Let me ask you, meetings like this  
12       didn't happen every week with the DEA where lawyers  
13       are involved, the DEA is bringing all these folks,  
14       and McKesson is bringing all these folks? These type  
15       meetings with the DEA did not happen every week;  
16       would that be true?

17           A.       Meetings at DEA headquarters were  
18       not, you know, frequent.

19           Q.       This didn't even happen every month,  
20       where this many people from McKesson were brought in  
21       to meet this many people at DEA headquarters? It  
22       didn't even happen once a month; did it?

23           A.       Not that I recall.

[REDACTED]

[REDACTED]

[illegible]



[illegible]

[illegible]

The diagram consists of 16 horizontal gray bars of varying lengths and positions, each preceded by a small square icon. The bars are arranged vertically, with some starting at the left margin and others indented. The lengths of the bars vary, with some being full-width and others being shorter. The overall effect is a list of items, possibly representing a sequence of steps or a set of data points.

18           Q.       McKesson, when they provided us with  
19    this document, put a black box.  Do you know why that  
20    black box is there?

21 MS. HENN: Objection to form.

22 THE WITNESS: No, I do not.

23 BY MR. KENNEDY:

1. **Identify the main components of the system.**  
 2. **Define the scope and objectives of the project.**  
 3. **Develop a detailed project plan.**  
 4. **Implement the plan and monitor progress.**  
 5. **Evaluate the results and provide feedback.**

[illegible]

Age Group	Male (%)	Female (%)
18-24	50	50
25-34	50	50
35-44	50	50
45-54	50	50
55-64	50	50
65+	50	50

12           Q.       Now, you have reviewed this document  
13    within the last few weeks; true?

14                    A.        Yes, I believe so.

15 Q. And you clearly would have seen this  
16 document back in 2005, 2006? We got it out of your  
17 files; correct? You saw it back then; right?

18 MS. HENN: Objection to form.

19 THE WITNESS: I don't recall seeing this  
20 document, this internal DEA document, prior to the  
21 review with counsel.

22 BY MR. KENNEDY:

Category	Percentage
Category 1	100%
Category 2	100%
Category 3	100%

[illegible]

[illegible]

25 MR. KENNEDY: All right. Let's go four





1 Q. Now, this is a DEA memo, again,  
2 written to Mr. Rannazzisi; correct?

3 A. That's correct.

4 Q. Let's look to the first paragraph.

█ [REDACTED]

█ [REDACTED] [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

13 The second paragraph states:

14 (Reading) Representing McKesson

15 Corporation were Donald G. Walker" --

16 That's you; right?

17 A. Yes, it is.

18 Q. You're at the second meeting; right?

19 A. Yes, I was at this meeting.

20 Q. And that point you were Senior Vice

21 President of Distribution Operations; correct?

22 A. That is correct.

23 Q. So you're sitting on top of

24 Regulatory Affairs at that point; true?

25 A. Yes.

1 Q. Bill Mahoney, Distribution Center  
2 Manager, Lakeland Distribution Center, Florida, was  
3 there; right? McKesson employee; true?

4 A. Yes.

5 Q. Gary Hilliard, Director of Regulatory  
6 Affairs, was there; right?

7 A. Yes.

8 Q. McKesson. He's from McKesson; right?

9 A. Yes, he was.

10 Q. And John Gilbert, one of McKesson's  
11 lawyers was present; true?

12 A. That is correct.

13 Q. And it says -- next paragraph down it  
14 outlines now who is there from the DEA. It says:

15 (Reading) Representing Drug  
16 Enforcement Administration (DEA)  
17 Office of Diversion Control (OD) were  
18 Joseph Rannazzisi, Deputy Assistant  
19 Administrator, Michael R. Mapes,  
20 Chief, E-Commerce Section (end of  
21 reading).

22 Another DEA person; true?

23 A. Yes.

24 Q. Kyle Wright, Chief E-Commerce  
25 Operations from the DEA was present; right?



[illegible]

[illegible]





[illegible]



[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6 BY MR. KENNEDY:

7 Q. The next bullet point down, "The  
8 E-Commerce Section" -- that's the DEA -- "retrieved  
9 ARCOS data" -- and that's a database where the DEA  
10 can look at what McKesson is actually distributing  
11 and selling; true? That's what the ARCOS data is?

12 A. The ARCOS data is data that we  
13 provided -- that is required by the regulation. So  
14 it is data of sales of controlled substances that are  
15 required to be reported.

16 Q. So it states:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[illegible]

22 Q. You know that at this point in time,  
23 the DEA, their statistics in ARCOS, were showing that  
24 the average monthly, average monthly distribution by  
25 a distributorship of McKesson was 5,000 units of

1 hydrocodone? Do you remember that? Remember that  
2 communication, all during this period?

3 MS. HENN: Objection to form.

4 THE WITNESS: I recall DEA indicating that  
5 5,000 doses of controlled substances was average.

6 BY MR. KENNEDY:

7 Q. That's an average monthly dose;  
8 right?

9 A. That's what I recall.

[REDACTED]

Age Group	Smartphone (%)	Tablet (%)	Computer (%)
18-24	95	85	75
25-34	90	80	70
35-44	85	75	65
45-54	80	70	60
55-64	75	65	55
65+	70	60	50

13 Q. Let me ask you this. Forget the  
14 averages and forget everything else. You were  
15 involved in this, sir, for how many years?

16           A.       Probably 15 years in the role.

The diagram consists of 10 horizontal gray bars of varying lengths and positions, arranged in a sequence from top to bottom. The bars are set against a white background. The bars are arranged in a way that suggests a progression from left to right, with some bars starting at different points and ending at different points, creating a complex, overlapping sequence.

[illegible]

[REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

14 Q. -- you don't have any knowledge  
15 whether these are correct? You were directly  
16 involved with this memo from the beginning, and this  
17 led to negotiations and a settlement, and McKesson  
18 losing its license to distribute opioids and a  
19 \$13 million fine; did it not? You were directly  
20 involved with that; were you not?

21 MS. HENN: Objection to form.

22 THE WITNESS: I was directly involved in the  
23 settlement with DEA and the penalties that were  
24 associated with that.

25 ///

1 BY MR. KENNEDY:

Government	Percentage
Current government	85%
Previous government	15%

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Age Group	Percentage
18-24	10%
25-34	20%
35-44	25%
45-54	20%
55-64	15%
65-74	10%
75-84	5%
85+	5%

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Age Group	Percentage
18-24	10%
25-34	15%
35-44	20%
45-54	25%
55-64	30%
65-74	35%
75-84	40%
85+	45%

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Category	Percentage
1	50%
2	30%
3	1%
4	100%
5	85%
6	30%
7	70%
8	100%
9	50%
10	30%
11	1%
12	100%
13	20%
14	30%
15	70%
16	100%
17	50%
18	1%
19	100%
20	30%

19 MR. KENNEDY: Could I have the Elmo, please.

20 MS. HENN: Counsel, we have been going over  
21 an hour. Would this be a decent time for a five-,  
22 ten-minute break?

23 MR. KENNEDY: Sure.

24 THE VIDEOGRAPHER: We are going off the  
25 record. The time is 10:07 a.m.

1 (Recess taken.)

2 THE VIDEOGRAPHER: We are back on the

3 record. The time is 10:22 a.m.

4 BY MR. KENNEDY:

■ ■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ ■ [REDACTED]

■ ■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ ■ [REDACTED]

21 Q. Hydrocodone is a controlled

22 substance; right?

23 A. Yes, it is.

■ ■ [REDACTED]

■ [REDACTED]

The diagram consists of 24 horizontal bars arranged in a grid-like fashion. The bars are gray and set against a white background. The bars are arranged in a sequence, with some bars spanning multiple columns and others being isolated. The bars are arranged in a grid-like fashion, with some bars spanning multiple columns and others being isolated. The bars are arranged in a grid-like fashion, with some bars spanning multiple columns and others being isolated.



1      took place between counsels.

2 Q. Did you sign the agreement with the  
3 DEA in relation to these violations, these sales of  
4 hydrocodones? Did you sign the very settlement  
5 agreement; sir?

6           A.       I signed the 2008 memorandum  
7   agreement, yes.

8           Q.       Let me back up, because I just -- I  
9   just want to be clear about it.

[illegible]

[illegible]

24 BY MR. KENNEDY:

25 Q. And that means you're not going to be





1 BY MR. KENNEDY:

2 Q. We will look at that specifically.

```
3  Let's go down to -- after some bullet points, I want
4  to go down to the paragraph that starts with
5  "Through."
```

```
6         Do you see this paragraph that starts with
7     "Through"?
```

[illegible]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6 Q. And tell the jury what generic  
7 hydrocodones are.

8 A. In all pharmaceuticals or medicines,  
9 as a brand drug comes to market, it stays brand for a  
10 period of time, at which time a generic drug can be  
11 manufactured that has the same pharmacological  
12 characteristics as the brand medication. So it's  
13 very common in pharmaceutical industry for generics.  
14 Amoxicillin is probably the best example that  
15 everybody would know.

16 Q. And, sir, the majority of  
17 hydrocodones that McKesson was selling were generic;  
18 were they not?

19 A. I do not know what quantities were  
20 brand versus generic at that point in time.

21 Q. In a general sense, that has always  
22 been true at McKesson? You sell more generics than  
23 you do brand name controlled substances; hasn't that  
24 always be true?

25 MS. HENN: Objection to form.





█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED] [REDACTED]

█ [REDACTED] [REDACTED]

█ [REDACTED]

7 BY MR. KENNEDY:

8 Q. Sir, McKesson had the duty since 1970  
9 to identify and report suspicious orders of  
10 controlled substances; did they not?

11 A. I don't know specifically when the  
12 CFR was generated. It was in the early '70s. But in  
13 the time that I was there, we had the responsibility.

14 Q. And that included generic  
15 hydrocodones, did it not, that duty, that  
16 responsibility?

17 MS. HENN: Objection to form. Lacks  
18 foundation.

19 THE WITNESS: We were responsible to report  
20 the sales of all pharmaceutical or controlled  
21 substances that were reportable to the DEA.

22 MR. KENNEDY: Okay. I'm going to ask to  
23 strike your answer. Could you read back my question,  
24 sir. I want you to listen real careful, and I want  
25 you to answer this question. Not what you want to

1     answer. I want you to answer what I'm asking this  
2     point forward, if you could.

3             MS. HENN: Objection to form.

4             MR. KENNEDY: Could you read it back,  
5     please.

6             (Record read as follows: QUESTION:  
7             And that included generic  
8             hydrocodones, did it not, that duty,  
9             that responsibility?)

10            MS. HENN: Same objection. Lacks  
11     foundation.

12            THE WITNESS: Hydrocodone -- all hydrocodone  
13     was a reportable controlled substance.

14     BY MR. KENNEDY:

15            Q.       Including generic hydrocodone; true?

16            A.       Including generic hydrocodone, yes.

17            Q.       Because generic hydrocodone, sir, is  
18     just as addictive as brand-name hydrocodone; is it  
19     not?

20            MS. HENN: Objection to form.

21            THE WITNESS: I have no expertise on  
22     addiction rates or addiction. So I can't comment  
23     whether -- one versus the other.

24     BY MR. KENNEDY:

25            Q.       They weren't any different



1 chemically; were they?

2 MS. HENN: Objection to form.

3 BY MR. KENNEDY:

4 Q. Branded versus generic aren't  
5 different chemically?

6 A. Generally, my understanding is that  
7 they were very close, if not identical, in terms of  
8 chemical makeup. But, again, I don't have the level  
9 of expertise to testify absolutely that they were the  
10 same.

11 Q. Generic hydrocodone, sir, your  
12 understanding generic hydrocodone was just as likely  
13 to cause an overdose and death as a named brand  
14 hydrocodone; true?

15 MS. HENN: Objection to form.

16 THE WITNESS: My understanding is that  
17 generic hydrocodone, as it's designed for medical  
18 purposes, it was the same as brand hydrocodone.

19 BY MR. KENNEDY:

■ ■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED]

[REDACTED]

19 BY MR. KENNEDY:

20 Q. By 2005, though, you understood, did  
21 you not, that hydrocodones were one of the major  
22 causes of addictions in the United States? You knew  
23 that by 2005; didn't you?

24 MS. HENN: Objection to form.

25 THE WITNESS: I don't recall, you know,

1 specifically having any awareness of hydrocodone  
2 being a national issue in 2005.

3 BY MR. KENNEDY:

4 Q. By 2005, sir, didn't you understand  
5 that hydrocodones were one of the most highly  
6 diverted drugs in this country?

7 MS. HENN: Objection to form. Lacks  
8 foundation.

9 BY MR. KENNEDY:

10 Q. Do you understand that by 2005?

11 MS. HENN: Same objection.

12 THE WITNESS: I don't -- I don't have any --  
13 any recollection or knowledge of that.

14 BY MR. KENNEDY:

15 Q. So at this point in time, in 2005 to  
16 early 2006, when you have this period where you sell  
17 two million hydrocodones, are you saying that you did  
18 not understand that hydrocodones were one of the most  
19 highly diverted drugs in this country? You didn't  
20 know that?

21 MS. HENN: Objection. Asked and answered.  
22 Lacks foundation.

23 THE WITNESS: I had no knowledge or  
24 understanding of addiction rates of hydrocodone.

25 ///

1 BY MR. KENNEDY:

2 Q. You had been selling hydrocodones for  
3 a decade or more, making millions of dollars, and you  
4 didn't understand that; is that your testimony?

5 MS. HENN: Objection. Asked and answered.  
6 Lacks foundation.

7 THE WITNESS: In 2005 I had no knowledge and  
8 don't recall.

9 MR. KENNEDY: I am going to give you  
10 Exhibit 695.

11 (Exhibit No. 695 was marked.)

12 BY MR. KENNEDY:

13 Q. Sir, I'm going to show you --

14 MS. HENN: Counsel, this appears to have  
15 been printed without Bates number or confidentiality  
16 stamp. So we would just ask, for the record, that  
17 those -- the number and the confidentiality  
18 designation be read into the record, if you have it.

19 MR. KENNEDY: The Bates numbers?

20 MS. HENN: The Bates number, so the people  
21 on the phone know what you're looking at.

22 MR. KENNEDY: These are not Bates numbered.  
23 This comes from the U.S. Department of Justice, Drug  
24 Enforcement Administration.

25 MS. HENN: Has it not been produced in this

1 litigation?

2 MR. KENNEDY: Well, I can't tell you I've  
3 got a memory of all 20 million documents produced, so  
4 I really don't know.

5 MS. HENN: Okay.

6 BY MR. KENNEDY:

7 Q. Do you see the DEA logo on  
8 Exhibit 695, sir?

9 A. Yes, I do.

10 Q. Does it say, "U.S. Department of  
11 Justice, Drug Enforcement Administration"; correct?

12 A. Yes.

13 Q. Do you see the Bates stamp there?  
14 They are -- they are not Bates stamped, but a date  
15 stamp of July 28, 2004; do you see that?

16 A. Yes.

17 Q. And you were just telling me you  
18 don't think you had knowledge of -- with respect to  
19 the diversion, the addiction of hydrocodones in 2005.  
20 That's what we were talking about; right?

21 MS. HENN: Objection. Asked and answered.

22 BY MR. KENNEDY:

23 Q. Correct, sir? Is that what we just  
24 were talking about, your knowledge in 2005; right?

25 A. That's correct.

1 Q. And then in 2005 you were the boss  
2 with respect to McKesson's regulation, diversion of  
3 controlled substances; correct?

4 MS. HENN: Objection. Lacks foundation.

5 THE WITNESS: In the latter part of 2005, I  
6 assumed that responsibility.

7 BY MR. KENNEDY:

8 Q. All right. And this is July '04. So  
9 this is -- this is even before that date; right? So  
10 this is available before that date; all right?

11 MS. HENN: Objection to form.

12 BY MR. KENNEDY:

13 Q. Go to page 2. 132 at the bottom,  
14 page 2 up at the top. The second sentence,  
15 "Despite." Does it state:

16 (Reading) Despite their obvious  
17 utility in medical practice, as stated  
18 above, hydrocodone products are among  
19 the most popular pharmaceutical drugs  
20 associated with drug diversion,  
21 trafficking, abuse and addiction (end  
22 of reading)?

23 Is it your testimony you did not know that  
24 in 2005?

25 A. Counsel, as I answered, I do not

1 recall having any specific knowledge of hydrocodone  
2 or this issue. This is the first time I've seen this  
3 document and had no other personal knowledge.

4 Q. Well, you're in charge of Regulatory  
5 in 2005; right?

6 MS. HENN: Objection to form.

7 THE WITNESS: I assume --

8 BY MR. KENNEDY:

9 Q. Correct?

10 A. I assumed responsibility for  
11 Regulatory in September of 2005.

12 Q. And McKesson is selling millions upon  
13 millions of hydrocodones in 2005; are they not?

14 A. I don't know specifically the  
15 quantities that we were selling. We sold hydrocodone  
16 as one of the controlled substances we provided to  
17 our licensed pharmacies.

18 Q. Look at the first bullet. And this  
19 is a -- this is in a government available document.  
20 Look at the first bullet, "Hydrocodone has an abuse  
21 liability similar to morphine."

22 Did you know that?

23 MS. HENN: Objection to form.

24 BY MR. KENNEDY:

25 Q. Did you know that in 2005?

1           A.       No, Counsel, I -- as I said, I don't  
2   have and did not have any personal knowledge of, you  
3   know, hydrocodone or its comparison to morphine.

4           Q.       Look at the next bullet, first  
5   sentence. Now you're in charge of making sure that  
6   hydrocodones as a controlled substance are not being  
7   diverted; correct?

8           A.       We had the responsibility --

9           Q.       I asked you about, were you in charge  
10   of that responsibility?

11           MS. HENN: Objection to form.

12                   Let the witness finish his answer, please.

13           THE WITNESS: I had responsibility for our  
14   regulatory and our compliance, which included  
15   guarding against and preventing -- guarding against  
16   the diversion of controlled substances.

17   BY MR. KENNEDY:

18           Q.       Does the next bullet point in this  
19   DEA document say, "Hydrocodone products are  
20   associated with significant diversion"? Does it  
21   state that?

22           A.       Paragraph 2, that's what the document  
23   says. And DEA is alleging, yes.

24           Q.       You say, "DEA is alleging." Is that  
25   what you said? Did you say, "DEA is alleging"?



1 A. This is -- this is their document.

2 Q. When you say "allege," you didn't --  
3 there's not much question about that. This is more  
4 than an allegation. That's the truth in 2005, from  
5 everything you know, sir? Fifteen years in this,  
6 that's the truth; is it not?

7 MS. HENN: Objection to form. Lacks  
8 foundation.

9 THE WITNESS: Counsel, again, I -- as I  
10 stated, I do not remember having any specific  
11 recollection around discussions either -- or  
12 documents around hydrocodone's addictive and its  
13 comparison to others.

14 BY MR. KENNEDY:

15 Q. I just want to go back.

16 A. I'm just simply looking at the  
17 document and trying to answer your question.

18 Q. I just want to ask you real simple.  
19 You used the words, "DEA alleges." Was the problem  
20 in 2005 that you and McKesson thought that these were  
21 just DEA allegations with respect to hydrocodones and  
22 diversion? Did you think these were just  
23 allegations?

24 MS. HENN: Objection to form.  
25 Mischaracterizing the testimony and lacks foundation.

1 BY MR. KENNEDY:

2 Q. Is that what you thought in 2005,  
3 sir?

4 A. Counsel, I was answering your  
5 question specific to this document. I don't know.  
6 And certainly I'm not sure I can answer the question  
7 as you asked it.

8 Q. Next says -- next bullet, first  
9 sentence, "Hydrocodone products are associated with  
10 significant drug abuse."

11 Did you know that in 2005, as the person who  
12 was in charge of Regulatory? Did you know that?

13 MS. HENN: Objection to form.

14 THE WITNESS: Again, I don't recall being  
15 specifically aware of a hydrocodone drug abuse issue.

16 BY MR. KENNEDY:

17 Q. The next bullet:

18 (Reading) Poison control data, DAWN  
19 medical examiner (ME) data and other  
20 ME data indicate that hydrocodone  
21 deaths are numerous, widespread and  
22 increasing in number (end of reading).

■

[REDACTED]

■

[REDACTED]

■

[REDACTED]

[illegible]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

6 (Exhibit No. 693 was marked.)

7 BY MR. KENNEDY:

8 Q. Showing you what has been marked as  
9 Exhibit 693. 693, all right, which is No. -497154.  
10 Go to the second page, if you would. And I  
11 believe this is a document prepared by the DEA and  
12 provided to us by McKesson.

13 Do you see the chart on page -155? Do you  
14 see that?

15 A. Yes.

16 Q. Now, this is McKesson hydrocodone  
17 sales and distributions from October 1, now, to  
18 January 31, a four-month period. We've been talking  
19 about just 11 days in October.

20 This is a four-month period; do you see  
21 that?

22 A. Yes.

23 Q. This is in Florida, just Florida;  
24 all right?

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[REDACTED]

[illegible]

23 BY MR. KENNEDY:

24 Q. You do know that the DEA gets its  
25 numbers from ARCOS; correct? The ARCOS database,



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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6 BY MR. KENNEDY:

7 Q. And that included, number one,  
8 identifying orders of unusual size; correct?

9 MS. HENN: Objection to form.

10 THE WITNESS: In the suspicious order  
11 regulation, unusual size is called out.

12 BY MR. KENNEDY:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

23 Q. Absolutely. And that's more than  
24 just making sure you're selling to a pharmacy that's  
25 got a license; right? Correct?



1 can put it all together here, everything we have been  
2 talking about.

The image displays a horizontal bar chart with 20 rows. Each row begins with a small, dark gray square icon. Following the icon is a horizontal gray bar. The bars vary in their starting and ending positions relative to the chart's width, creating a fragmented and abstract visual effect. Some bars span most of the width, while others are short and positioned towards the left or right edges. The overall composition is minimalist and geometric.

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100	1%	15%	15%	



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

11 (Exhibit No. 802 was marked.)

12 MR. KENNEDY: Well, sir, let's -- let me  
13 show you Exhibit 686.

14 (Exhibit No. 686 was marked.)

15 BY MR. KENNEDY:

16 Q. 686 does not have Bates numbers.

17 Sir, you indicate you don't have any knowledge of  
18 McKesson -- McKesson sending massive amounts around  
19 the country of hydrocodone -- excuse me,  
20 hydrocodones. This is a Settlement Agreement. Look  
21 at that first sentence.

22 (Reading) This is a Settlement  
23 Agreement entered into on April 30th,  
24 2008, between the United States  
25 Department of Justice, through the

1 United States Attorney's Office, for  
2 the Districts of Maryland, Middle  
3 Florida, Southern Texas, Colorado,  
4 Utah, and Eastern California (end of  
5 reading).

6 Do you see that?

7 A. I see that.

8 Q. And the Settlement Agreement is with  
9 McKesson Corporation; true?

10 A. Yes.

11 Q. You signed this document; did you  
12 not?

13 A. Yes, I did.

14 Q. And that's why I'm asking, why is it  
15 that you didn't have any knowledge that this was  
16 going on across the country? You signed this  
17 document; didn't you?

18 MS. HENN: Objection to form.

19 THE WITNESS: I signed this document,  
20 Counsel.

21 BY MR. KENNEDY:

22 Q. Let's go to the next page, down to  
23 No. 8 on the next page. See where it says, on No. 8,  
24 paragraph 8, "The Covered Conduct shall mean the  
25 following alleged conduct"? Do you see that?

1 A. Yes.

2 Q. "A: Within the District of  
3 Maryland" -- and that's not Florida; right? Can we  
4 agree that's not Florida?

5 A. Maryland is not Florida.

6 Q. (Reading) -- from January 2005?  
7 through October 2006,  
8 McKesson-Landover sold approximately  
9 three million dosage units of  
10 hydrocodone to New Care Pharmacy in  
11 Baltimore and failed to report these  
12 sales as suspicious orders to DEA when  
13 discovered, as required by and in  
14 violation of 21 C.F.R 1301.74(b), and  
15 21 U.S.C. 842 (a)(5) (end of reading).

16 Do you see that?

17 A. Yes.

18 Q. That's 150,000 hydrocodones a month,  
19 if I did the math right. Do you see that? That  
20 would be 30 times the national average?

21 MS. HENN: Objection to form.

22 BY MR. KENNEDY:

23 Q. The DEA national average; right? If  
24 I did my math right.

25 MS. HENN: Objection to form.

1 BY MR. KENNEDY:

2 Q. Do you see that?

3 A. Again, if using DEA's average, which  
4 I can neither support or refute, and the dosage units  
5 here, that your math is correct.

6 Q. That's Maryland; right? So let's  
7 go -- No. B, that's the Middle District of Florida,  
8 and that's probably what we've been talking about;  
9 correct?

10 A. Yes.

11 Q. And then go to C. Now we're in the  
12 Southern District of Texas; right? And does it  
13 state:

14 (Reading) from February to December of  
15 2007, McKesson-Conroe sold  
16 approximately 2.6 million dosage units  
17 of hydrocodone to Mercury Drive  
18 Pharmacy and Maswoswe's Alternative  
19 Pharmacy and failed to report those  
20 sales as suspicious orders to DEA when  
21 discovered (end of reading).

22 Did I read that right?

23 A. Yes, you read that correctly.

24 Q. And that's over eight months. And  
25 that would be about 150,000 a month, if I did my math

1 right; correct?

2 A. If you divide what that says, that  
3 would be correct for the two pharmacies.

4 Q. And, again, if the DEA was correct,  
5 and that the national average is about 5,000 a month,  
6 what's this? About 30 times? 30 times the national  
7 average; right?

8 MS. HENN: Objection to form.

9 BY MR. KENNEDY:

10 Q. Correct?

11 A. Are you referring to the Texas  
12 pharmacies?

13 Q. We're on Texas, yes, sir.

14 A. If the math -- but, again, it would  
15 be -- there's two pharmacies involved. But your math  
16 would be correct.

17 Q. And not one order was reported to the  
18 DEA; was it?

19 MS. HENN: Objection to form. Lacks  
20 foundation.

21 BY MR. KENNEDY:

22 Q. Is that right?

23 A. I don't have any specific knowledge  
24 of what was or wasn't reported to DEA.

25 Q. What does it state here. "Failed to

1 report these sales as suspicious orders to the DEA";  
2 does it say that?

3 A. That's what it says. That was the  
4 allegation.

5 Q. Did you sign this?

6 A. I did.

7 Q. Let's go to D on the next page. This  
8 is Colorado now. It states:

9 (Reading) With respect to Colorado,  
10 from September 2005 through November  
11 of 2007, McKesson-Aurora sold large  
12 quantities of hydrocodone to three  
13 Colorado pharmacies (end of reading).

14 Is that what it states with respect to  
15 Colorado?

16 A. That is correct.

17 Q. E, now we're in Utah:

18 (Reading) From January 2005 through  
19 October 2007, McKesson-Salt Lake City  
20 sold approximately 825,000 dosage  
21 units of hydrocodone, oxycodone,  
22 Fentanyl and Methadone to the  
23 Blackfeet Clinic in Browning, Montana  
24 (end of reading).

25 Does it state that?

1 A. Yes, that's what it states.

2 Q. And, again, failed to report any of  
3 these to the DEA as suspicious orders; true?

4 MS. HENN: Objection to form. Lacks  
5 foundation.

6 BY MR. KENNEDY:

7 Q. Correct?

8 MS. HENN: Same objections.

9 THE WITNESS: What is written is that  
10 allegation.

11 BY MR. KENNEDY:

12 Q. You signed the document; right?

13 A. I signed the agreement.

14 Q. And, again, just to backtrack a  
15 second. The responsibility of McKesson, with respect  
16 to suspicious orders, included identifying orders of  
17 unusual size; true? Is that true?

18 A. As part of the regulation, size is a  
19 factor.

20 Q. Part of your responsibility, is to  
21 identify unusual orders of size; correct?

22 MS. HENN: Objection to form.

23 THE WITNESS: We were responsible for  
24 reporting suspicious orders, which included unusual  
25 size.

1 BY MR. KENNEDY:

2 Q. Sir, I asked you a "yes" or "no"  
3 question. And we have a limited amount of time here.  
4 And I know you've been instructed to repeat my  
5 question in your answer to take up time. But if I  
6 asked you a "yes" or "no" question, I want you to  
7 answer it "yes" or "no" so we can move forward with  
8 this and not waste time having you repeat my question  
9 in every answer, as you've been instructed to.

10 All right?

11 MS. HENN: Counsel, I don't appreciate the  
12 kind of --

13 MR. KENNEDY: But it's the truth.

14 MS. HENN: -- allegation you're making.

15 MR. KENNEDY: It's the truth, and you know  
16 that.

17 MS. HENN: You don't know that. And you're  
18 just arguing with the witness and wasting time.

19 MR. KENNEDY: Are you going to deny that  
20 that's the truth?

21 MS. HENN: I am --

22 MR. KENNEDY: Are you going to deny that  
23 that is the truth of how he has been prepared?

24 MS. HENN: Counsel, you know you have no  
25 right to know anything about how he has been



1 prepared. He is here to answer your questions and  
2 has been doing that in good faith, and I suggest you  
3 move on and ask the question.

4 MR. KENNEDY: Absolutely. Because you know  
5 I have no right to know how you have prepared the  
6 witness, you know --

7 MS. HENN: Counsel --

8 MR. KENNEDY: -- you can get away with  
9 instructing him to repeat my question and every  
10 answer to waste our seven hours.

11 MS. HENN: Counsel, you have no basis and no  
12 right to make these allegations and waste time in the  
13 deposition.

14 Mr. Walker has come from retirement to spend  
15 time answering your questions, and he's doing a  
16 good-faith job of that. And I suggest we move on  
17 from this tantrum and --

18 MR. KENNEDY: It's not a tantrum.

19 MS. HENN: -- pay attention to the job at  
20 hand.

21 If you would like to call the Special Master  
22 and have him review this transcript, I think he will  
23 agree that the witness is doing a fine job of  
24 responding to your argumentative questions, and will  
25 continue to do that throughout the day.

1 MR. KENNEDY: Nobody answers questions in  
2 that fashion unless they are told to do so. I  
3 don't -- I don't blame him one bit. He's a gentleman  
4 coming here from his retirement and having to answer  
5 these questions because of the company that he worked  
6 for and what they did to this country.

7 What I am objecting to is the way you have  
8 instructed this witness to waste our time.

9 MS. HENN: Counsel --

10 MR. KENNEDY: That's what I am objecting to.  
11 So let's be clear.

12 MS. HENN: Are you done with your speech now  
13 so we can move on?

14 MR. KENNEDY: I all am done, so let's move  
15 on.

16 MS. HENN: Thank you.

17 MR. KENNEDY: I hope, I just hope that he  
18 ceases and stops what he is doing.

19 MS. HENN: He's not doing anything of the  
20 sort. And I suggest we focus on the task at hand.

21 BY MR. KENNEDY:

22 Q. Sir, let's now go to California, if  
23 we could. Does this Settlement Agreement, in  
24 California state, that:

25 (Reading) From October of '07 through

1 June of '07, McKesson-West Sacramento  
2 suffered the theft of significant loss  
3 of controlled substances on 28  
4 separate occasions and failed to  
5 timely submit required theft and loss  
6 reports to the DEA (end of reading)?

7 Is that what it states here? Now, this is  
8 California.

9 A. That's what it states.

10 MR. KENNEDY: I want you to look at  
11 Exhibit 688.

12 I'm sorry, 687.

13 (Exhibit No. 687 was marked.)

14 MR. KENNEDY: 687 Exhibit starts with Bates  
15 -00574724 and ends with -4744.

16 Q. Mr. Walker, have you seen this  
17 document before?

18 A. Yes, I have.

19 Q. And this would relate to a meeting of  
20 "Directors of Regulatory"? Is that what it says?

21 A. Yes.

22 Q. This would have been in Dallas, March  
23 5-6, 2008; true?

24 A. Yes.

25 Q. Do you remember who was present at

1     this meeting?

2                   A.       I don't remember specifically all the  
3     participants. I know that our newly-hired Director  
4     of Regulatory Affairs and my Regulatory staff was  
5     there. But I don't know who else might have been  
6     there.

7                   Q.       And the purpose of the meeting was  
8     what?

9                   A.       As I recall, the purpose of the  
10    meeting was to review with the Regulatory staff and  
11    then expanded the overview of the Memorandum of  
12    Agreement that we were moving forward with. We  
13    hadn't signed it yet, but we were very close. So we  
14    had the components.

15                  Q.       That was the Memorandum of Agreement  
16    that we just talked about with the DEA, with the  
17    Department of Justice?

18                  A.       Yes, the same memorandum.

19                  Q.       And it was signed by you, and it was  
20    also signed by Mr. Hammergren, that agreement with  
21    the DEA; was it not?

22                  A.       I'd -- I'd have to look.

23                  Q.       Let me ask you this. Where -- in  
24    relation to the company in 2008, where were you with  
25    respect to -- Mr. Hammergren was the CEO?

1 A. Yes, he's the CEO.

2 Q. Where did you sit in relation to the  
3 CEO in your responsibility as with the VP of  
4 Distribution and Operations? Where did you sit in  
5 relation to Mr. Hammergren?

6 A. Probably best described as not very  
7 close. But it was several levels, you know, down in  
8 the organization.

9 Q. Would you interact with him? You  
10 were both in San Francisco; right?

11 A. There were occasions that I  
12 interacted with Mr. Hammergren.

13 Q. What committees did you sit on? I  
14 know that -- we know your title. But were you a part  
15 of any management committees at McKesson? And I'm  
16 talking about the '08 period.

17 A. Yes. So in that time frame in my  
18 role, I was part of the -- I will use your term --  
19 management committee that oversaw -- oversaw the  
20 pharmaceutical business.

21 Q. Okay. So the management committee  
22 that oversaw the pharmaceutical business. And a  
23 significant part of McKesson's business was the  
24 pharmaceutical business, I assume?

25 A. Yes.

1 Q. And when -- who all was on the  
2 management committee of pharmaceuticals?

3 MS. HENN: Objection to form.

4 BY MR. KENNEDY:

5 Q. And, again, we're on the 2008 period.

6 A. At a -- at a high level, the  
7 president of U.S. Pharma and then individuals that  
8 had leadership positions in sales, inventory,  
9 vendor-manufacturer relationships, HR, and marketing,  
10 I.T. I mean, sort of --

11 Q. Ten members? Twenty members?

12 A. My best recollection is about ten.

13 Q. And their responsibility was -- was  
14 what this management committee of U.S. -- this is  
15 U.S. pharmaceuticals?

16 A. Yes. U.S. pharmaceuticals.

17 Q. And what was the responsibility of  
18 this management committee that you sat on?

19 A. Again, at a high level, it was really  
20 to collaborate to provide overall guidance and  
21 direction. And there was, you know, the normal  
22 planning/budgeting processes that we went through.

23 Q. All right. Let's -- let's go back to  
24 this meeting, then, that was -- that was held in 2008  
25 with the Directors of Regulatory.

1                   If you can go to page -- the Bates in the  
2   bottom of -4733. Did you run this meeting?

3                   A.       Yes, I did.

4                   Q.       Did you prepare these slide  
5   presentations?

6                   A.       Looking at it, I don't specifically  
7   put in the slide presentation. But it was consistent  
8   with one that I would do.

9                   Q.       All right. Well, let's look, then,  
10   at this page of the 2008 slide presentation. And  
11   this is talking about the 2008 Settlement Agreement  
12   that is reached with the Department of Justice and  
13   the DEA; correct?

14                  A.       Correct.

15                  Q.       And this is in relation to what we  
16   have been talking about for the last hour; true?

17                  A.       Yes.

18                  Q.       And does this slide presentation  
19   state that -- the first -- the first bullet, "Six  
20   different McKesson facilities involved"; right?

21                  A.       Yes.

22                  Q.       And we went over those six different  
23   facilities, I think. Florida, Maryland, Texas, Utah;  
24   correct? Those are the ones we went through?

25                  A.       That's correct.

Highly Confidential - Subject to Further Confidentiality Review

[REDACTED]



[illegible]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6 Q. And does it state, Conroe DC -- that  
7 would be Texas, Conroe?

8 A. Yes.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

23 BY MR. KENNEDY:

24 Q. Sir, at this point in time, these  
25 allegations, which are 2004, 2005, 2006, at that

1 point in time were the suspicious order monitoring  
2 policies of McKesson national?

3 A. Yes. It was a single system. So the  
4 answer is, yes.

5 Q. So the policies and the procedures  
6 that led at least to what you considered to be the  
7 allegations of these extraordinary sales, those  
8 policies and procedures were the same in Maryland,  
9 Ohio, West Virginia, Utah, Florida; would that be  
10 true?

11 A. Yes.

12 Q. And as the person in charge, sitting  
13 on the top of this, did you make every effort to make  
14 sure that the implementation of the policies and  
15 procedures relating to suspicious order monitoring,  
16 that they were being implemented uniformly across the  
17 country?

18 MS. HENN: Objection to form.

19 THE WITNESS: Yes, we had a system in place  
20 that was reporting regularly to DEA suspicious  
21 orders.

22 BY MR. KENNEDY:

23 Q. So the answer would be, yes, you, as  
24 the boss, made an effort to make sure that your  
25 policies with respect to suspicious orders were being

1 implemented uniformly across the country; true?

2 A. Yes.

3 Q. You didn't want somebody doing  
4 something different in California than they were  
5 doing in Maryland; did you?

6 A. The system was one system. So the  
7 uniform reporting and report generation was the same  
8 across the country.

9 Q. And would I be correct that you had  
10 meetings amongst the Directors of Regulatory Affairs  
11 from different regions, you had meetings and calls to  
12 make sure that the policies with respect to  
13 suspicious order monitoring were being implemented  
14 and used by them uniformly; true?

15 MS. HENN: Objection to form. Lacks  
16 foundation.

17 THE WITNESS: Can you clarify the time frame  
18 you're referring to.

19 BY MR. KENNEDY:

20 Q. Again, let's -- the entire time that  
21 you were the head of -- excuse me. You were the head  
22 of Regulatory. You would have meetings and  
23 conference calls in an attempt to make sure that your  
24 policies with respect to suspicious order monitoring  
25 were being implemented uniformly across the country;

1 right?

2 A. Generally I would answer that  
3 question, yes, Counsel. The reason I asked you the  
4 question about the time frame is at this point this  
5 was the initial meeting that I had with newly-hired  
6 directors. So prior to that meeting, they would not  
7 have been involved in any of the suspicious orders.  
8 So I want to be accurate in my response to you.

9 Q. Okay. But from '08 forward, while  
10 you were in charge, again, you would have meetings,  
11 you would have memos, you would have calls in an  
12 attempt to make sure that your policies were being  
13 implemented uniformly across the country; true?

14 MS. HENN: Objection to form. Compound.  
15 Lacks foundation.

16 THE WITNESS: So subsequent to the 2008  
17 agreement with the regulatory team, we had regular  
18 conference calls, regular discussions to ensure that  
19 we were executing our regulatory responsibilities  
20 uniformly across the country; so yes.

21 BY MR. KENNEDY:

22 Q. You don't want Mr. Oriente in the  
23 East doing something different from Mr. McDonald in  
24 the West, doing something different than Mr. Gustin  
25 in the Midwest; true?

1 A. Generally that would be accurate.

2 MS. HENN: Counsel, we have been going about  
3 an hour and ten minutes. Take another break.

4 MR. KENNEDY: I about to switch to a new  
5 topic. That's good.

6 THE VIDEOGRAPHER: We are going off the  
7 record. The time is 11:31 a.m.

8 (Recess taken.)

9 THE VIDEOGRAPHER: We are back on the  
10 record. The time is 11:49 a.m.

11 BY MR. KENNEDY:

12 Q. All right. Mr. Walker, it's still  
13 Eric Kennedy after our break. I know you might be  
14 disappointed, but it's still me.

15 I'm going to switch gears. I want to talk  
16 about the 2008 CSMP, the Controlled Substances  
17 Monitoring Program. You remember that program?

18 A. Yes.

19 Q. That was a program that McKesson  
20 developed and put into place in 2008; is that true?

21 A. Yes, that is correct.

■ ■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ ■ [REDACTED]

A series of 20 horizontal bars of varying lengths and positions, representing a data visualization. The bars are gray and set against a white background. Some bars are aligned to the left, some are indented, and some span the width of the chart area.

22 Q. Let me -- let me show you  
23 Exhibit 672. And if you keep this exhibit in front  
24 of you even after this series of questions, because  
25 we're going to refer back to this quite a bit,



1 all right?

2 A. That would be fine.

3 (Exhibit No. 672 was marked.)

4 BY MR. KENNEDY:

5 Q. This is the McKesson's 2008  
6 Controlled Substance Monitoring Program; is it not?

7 A. What this document is, is a -- the  
8 Operations Manual entry and documentation of how to  
9 execute against the Controlled Substance Monitoring  
10 Program. That's probably the best way to describe  
11 it.

12 Q. Was there any document that McKesson  
13 has that is more comprehensive and detailed with  
14 respect to your suspicious order monitoring system  
15 than this document from the period of 2008 to, let's  
16 say, 2014? Any document other than this that is more  
17 comprehensive?

18 A. Probably this would be the most  
19 comprehensive document.

20 MS. HENN: Counsel, just to clarify the  
21 record. You had referred to this as the 2008  
22 program, but I see it as a 2013 version. I just want  
23 to make sure the record is clear on that.

24 BY MR. KENNEDY:

25 Q. Okay. This is the revised version

1     that comes into play in 2008; correct? The original  
2     version is 2008?

3             A.       Just a moment, Counsel.

4             MR. KENNEDY: I was -- this is when it's  
5     printed, 2013. When it's printed.

6             MS. HENN: If you look on one of the last  
7     pages, it will show you the revisions history.

8             MR. KENNEDY: All right.

9             MS. HENN: And the last revision I see is  
10    from 11-29-2013.

11            MR. KENNEDY: All right.

12            MS. HENN: Sorry. March 20th, 2013.

13    BY MR. KENNEDY:

14            Q.       And this program came into place, as  
15    I said before, in 2008; did it not?

16            A.       That is correct.

17            Q.       And it was revised various times, as  
18    we have seen, up through '13; correct?

19            A.       Yes.

20            Q.       And if I make reference to something  
21    here in my questioning that wasn't in existence in  
22    2008, you will let me know; all right?

23            MS. HENN: Objection to form.

24            THE WITNESS: I will let you know.

25    ///

1 BY MR. KENNEDY:

2 Q. All right. So this is the program  
3 that comes into place, the Controlled Substances  
4 Monitoring Program, in 2008; would that be correct?

5           A.       Yes. This is the Controlled  
6 Substance Monitoring Program overview that we would  
7 put in our Operations Manual.

8 Q. And we were talking about this  
9 threshold system. And do you see where it says,  
10 "Purpose"?

11                   A.       Yes.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Age Group	Percentage
18-24	10%
25-34	15%
35-44	20%
45-54	25%
55-64	30%
65-74	35%
75-84	40%
85+	45%

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Age Group	Percentage
18-24	10%
25-34	15%
35-44	25%
45-54	30%
55-64	15%
65-74	10%
75-84	5%
85+	5%

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\_\_\_\_\_

\_\_\_\_\_

■ [REDACTED] [REDACTED]  
■ [REDACTED]  
■ [REDACTED] [REDACTED]  
■ [REDACTED]

5 MR. KENNEDY: We will take a look.

6 (Exhibit No. 755 was marked.)

7 BY MR. KENNEDY:

8 Q. Showing you Exhibit 755, Bates  
9 -409289 to -299. Is this the Settlement and Release  
10 Agreement and Administrative Memorandum and Agreement  
11 between McKesson and the Department of Justice and  
12 the DEA?

13 A. I understand this to be that, yes.

14 Q. And if you will go to Attachment 6,  
15 or Bates No. -298 down at the bottom. Do you see --  
16 under the -291, is what we're looking for.

17 And, again, you were a signatory on this  
18 agreement? Thank you. Is that correct?

19 A. Yes, I was.

20 Q. And -291, on Bates -291, if you will  
21 go to that. And do you see the section, "Obligations  
22 of McKesson"?

23 You might want to look at the first four  
24 lines. "Obligations of McKesson." And these are the  
25 obligations under the agreement that McKesson agreed

1 to with the Department of Justice and DEA; right?

2 Does it state:

3 (Reading) McKesson agrees to maintain  
4 a compliance program designed to  
5 detect and prevent diversion of  
6 controlled substances as required  
7 under the CSA and applicable DEA  
8 regulations. This program shall  
9 include procedures to review orders  
10 for controlled substances. Orders  
11 that exceed established thresholds and  
12 criteria will be reviewed by a  
13 McKesson employee (end of reading).

14 Do you see that?

15 A. Yes.

16 Q. So the agreement with the DEA  
17 mentions thresholds; correct?

18 A. Yes.

■

■

■

■

■

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25 Q. And it states that you're going to

1 make informed decisions at McKesson based upon these  
2 established thresholds; true? That's what your  
3 program states?

4 MS. HENN: You're referring to Exhibit 672?

5 MR. KENNEDY: Yeah, I'm talking about the  
6 program. We're not talking about the --

7 MS. HENN: It's a different exhibit.

8 THE WITNESS: Okay. Okay. Can you  
9 repeat --

10 BY MR. KENNEDY:

11 Q. Yes, my question is --

12                   A.       I'm sorry. I was still --

13 Q. -- your agreement with the DEA talked  
14 about thresholds; true?

15                      A.        Correct.

Category	Male (%)	Female (%)
1	10	90
2	10	90
3	20	80
4	10	90
5	10	90
6	20	80
7	10	90
8	10	90
9	10	90
10	10	90
11	10	90
12	10	90

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8                   Q.       All right. And McKesson -- if we  
9       look at this program and how it's divided up, there  
10       were basically two different groups of customers.  
11       One, the big chain pharmacies, the RNAs, the regional  
12       national accounts; correct?

13                   A.       That's one large customer group.

14                   Q.       And the other major customer group  
15       that's defined in your monitoring program were the  
16       ISMCs, or the independent small, medium chains;  
17       correct?

18                   A.       That was also included. But that  
19       wasn't the totality of every registrant that we  
20       provided controlled substance to. So the two groups  
21       that you mentioned in addition to that, would be what  
22       we called our hospital or MHS group. So these were  
23       hospitals, institutions, surgery centers. And then  
24       probably the fourth big category was the federal  
25       government.





[illegible]

■ [REDACTED] [REDACTED]

■ [REDACTED]

3 (Exhibit No. 676 was marked.)

4 BY MR. KENNEDY:

5 Q. Let me show you Exhibit -- you  
6 were -- you don't think that's accurate, but you  
7 were -- you were the boss at this point in time in  
8 '08; correct?

9 A. Yes.

10 Q. I'm going to show you Exhibit 676.  
11 And that's Bates -542108 to -110.

12 This is an email from Tom McDonald. Do you  
13 see that? The first page.

14 A. Yes.

15 Q. And who was Tom McDonald in this time  
16 period of 12 -- or excuse me, 2012? Who was he?

17 A. Tom McDonald was the Director of  
18 Regulatory Affairs for the Western part of the  
19 United States.

20 Q. And so he was, what, one of four  
21 directors; true? Or one of five at that point?

22 A. I don't recall specifically whether  
23 we had four or six at the time. But one of four or  
24 six.

25 Q. And he's sending an email to an

1     extraordinarily large group of people. Can you --  
2     are you able to kind of look through that and say  
3     this is -- who this group is?

4             A.       Based on the names here, this is a  
5     combination of our sales and operations teams in the  
6     West Region.

7             Q.       And you're copied on this; right?  
8     Donald Walker, CC.

9             A.       Yes, I am.

10            Q.       So you would have gotten this; right?

11            A.       Yes.

12            Q.       Subject, "Ongoing due diligence, new  
13     questionnaires and dispensing data." Do you see  
14     that?

15            A.       Yes.

16            Q.       It says high -- importance is high;  
17     right?

18            A.       Yes.

19            Q.       Look to the next page, if you would,  
20     -109, all the way toward the bottom, the paragraph  
21     that starts with, "Additionally."

22            A.       Can I have a moment just to review  
23     the rest of the document?

24            Q.       Sure.

25            A.       I'm not --

1 (Witness reviewing document.)

2                    A.        Okay.

3 Q. Look at the paragraph. This is  
4 Mr. McDonald. You're copied on this. The paragraph  
5 that starts, "Additionally."

6 He states:

Row	Bar Length (approx. %)
1	90
2	75
3	95
4	95
5	80
6	70
7	100
8	95
9	60
10	20
11	75
12	20
13	100
14	95
15	100
16	95
17	100
18	80
19	30
20	10
21	95
22	100

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8 BY MR. KENNEDY:

9 Q. And tell the jury, dispensing data  
10 from a pharmacy, what is that?

11 A. The data that a pharmacy may or may  
12 not provide was data around the quantities of a given  
13 pharmaceutical or medicine that they would dispense.  
14 So it was a summary document.

15 Q. So dispensing data is going to tell  
16 McKesson how much the CVS store on Main Street, how  
17 much Oxycontin they are selling; right? That's what  
18 it would tell McKesson; correct?

19 A. I can't answer that accurately,  
20 Counsel, because your example of a CVS store would  
21 not be an example of that.

22 Q. All right. Okay. Take CVS out.

23 A. I'm trying to answer you accurately.

24 Q. Let's talk about an independent  
25 pharmacy on Main Street. They provide you with



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

11 BY MR. KENNEDY:

12 Q. I understand. We know that to be  
13 true, because we're reading the document. I'm asking  
14 about your opinion. You were the boss. You were  
15 above Mr. McDonald. You were the one that was in  
16 charge of the implementation of the policies and  
17 procedures at McKesson.

18 Do you agree, Mr. Walker, as being the boss?  
19 Do you agree with his statement?

20 MS. HENN: Objection to form.

21 BY MR. KENNEDY:

22 Q. And he states:

[REDACTED]

[REDACTED]

[REDACTED]



A horizontal bar chart with 20 rows. Each row has a small square icon on the left and a corresponding horizontal bar. The bars vary in length and position, representing different percentages. The categories are not explicitly labeled, but the bars represent data points for each row.

Row	Percentage (%)
1	75
2	45
3	90
4	15
5	35
6	65
7	25
8	85
9	55
10	30
11	80
12	100
13	85
14	100
15	85
16	90
17	25
18	75
19	90
20	100



[illegible]

A horizontal bar chart with 20 rows. Each row consists of a small square marker on the left and a horizontal bar of varying length extending to the right. The bars represent percentages of respondents for different categories. The lengths of the bars vary significantly, with some being very short and others nearly spanning the width of the chart area.

Category	Percentage (%)
1	75
2	88
3	30
4	20
5	15
6	25
7	90
8	85
9	92
10	95
11	95
12	80
13	25
14	10
15	75
16	90
17	88
18	85
19	45
20	20
21	25
22	80
23	10
24	25
25	20
26	25
27	85
28	90

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7 Q. And he's in charge -- Mr. McDonald is  
8 in charge of the Western Region. How many states did  
9 that include? What states?

10 A. If there were just four of the DRAs  
11 at the time, he would have had the western states,  
12 and from Colorado, north to Wyoming, south to  
13 Arizona -- I can't remember -- New Mexico west.

14 Q. California?

15 A. California.

16 Q. Arizona?

17 A. California, Arizona, Oregon,  
18 Washington, Colorado, New Mexico.

19 Q. He's in charge of thousands of  
20 pharmacies, thousands of customers; is he not?

21 A. There -- there were a lot of  
22 pharmacies in the west.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

6 BY MR. KENNEDY:

7 Q. All right. We will look at documents  
8 in a minute. But I'm going to write that down.  
9 All right.

10 So I wrote dispensing -- I wrote your name,  
11 Mr. Walker, "Dispensing data does not include cash  
12 payment information." Is that your -- is that your  
13 testimony?

14 MS. HENN: Objection to form.

15 THE WITNESS: That was not my testimony.  
16 What I said is your question statement was not  
17 accurate.

18 BY MR. KENNEDY:

19 Q. If you get dispensing data from a  
20 pharmacy, you're going to be able to see cash  
21 payments; are you not, sir?

22 A. Not necessarily.

23 Q. In many instances will you be able to  
24 see that, sir?

25 A. If -- if the pharmacist chooses to

1     enter a cash payment in their pharmacy terminal  
2     system where this data originates, then, yes, it will  
3     show up.

4             Q.       All right.

5             A.       If he chooses not to do that, it  
6     won't show up.

7             Q.       All right. And so you're getting  
8     dispensing data. And if the pharmacist is putting  
9     cash payments in, all right, you're going to be able  
10    to see cash payments -- correct? -- from what you  
11    just said, if the pharmacist is entering it; true?

12            MS. HENN: Objection to form.

13    BY MR. KENNEDY:

14            Q.       True?

15            A.       If the pharmacist enters it into the  
16    pharmacy terminal system, we would see that.

17            Q.       And a certain percentage of cash  
18    payments for opioids for narcotics is evidence of  
19    diversion; is it not?

20            MS. HENN: Objection to form.

21            THE WITNESS: The DEA identified cash  
22    payment percentage as a potential indicator.

23    BY MR. KENNEDY:

24            Q.       All right. And if you get dispensing  
25    data, as indicated in this memo, it's going to tell

1     you who the prescribing doctors are; is it not?

2             MS. HENN:  Objection to form.

3             THE WITNESS:  If the data is complete, we  
4     would see the doctors -- generally see the doctors in  
5     the dispensing data.

6     BY MR. KENNEDY:

7             Q.       And that would allow McKesson to  
8     determine whether a small group of doctors is  
9     prescribing a large amount of opioids; correct?  You  
10    would be able to do that if you had the dispensing  
11    data; true?

12            MS. HENN:  Objection to form.

13            THE WITNESS:  I'm not sure I can answer that  
14    accurately.  Generally, if the physicians are in  
15    there and the data was complete, not -- our challenge  
16    was, is the data wasn't always complete.  So I'm  
17    reluctant to say that that is accurate.

18    BY MR. KENNEDY:

19            Q.       If you have accurate prescribing  
20    data, McKesson would be able to determine whether a  
21    small group of doctors is ordering a large percentage  
22    of the opioids from that pharmacy; correct?  You're  
23    able to do that?

24            A.       If the data was accurate, yes.

25            Q.       And the DEA told you back in '06 that



1     that's one of the things that you should look for;  
2     true? Back in '06 they told you?

3                 MS. HENN: Objection to form. Lacks  
4     foundation.

5                 THE WITNESS: Repeat your question, Counsel.

6     BY MR. KENNEDY:

7                 Q.         And the DEA told you back in 2006  
8     that's one of the things you should look for, a small  
9     number of doctors ordering a large percent of the  
10    opioids from a pharmacy? That's one of the things  
11    you should look for?

12                A.         My recollection of the document, the  
13    documents state that is one of the areas that they  
14    outlined.

15                Q.         And if you had the doctor's name from  
16    the prescribing -- or the prescribing data, you  
17    could -- McKesson could research as to whether or not  
18    this physician was having problems with any medical  
19    board; couldn't you?

20                MS. HENN: Objection to form.

21     BY MR. KENNEDY:

22                Q.         If you had that data?

23                A.         I believe, Counsel -- I didn't  
24    specifically make any type of inquiries myself, but  
25    my understanding was, is that we -- you had the

1 ability to identify any doctors if, in fact, there  
2 was documentation on state medical board sites.

3 Q. And if you got the dispensing data,

4

5 you can now actually see if a pharmacy is purchasing  
6 opioids from other distributors, other than just  
7 McKesson; correct?

8 MS. HENN: Objection to form. Lacks  
9 foundation.

10 THE WITNESS: I don't recall that we had the  
11 ability or felt we had the ability to determine  
12 multiple distribution -- distributors supplying a  
13 pharmacy through dispensing data.

14 BY MR. KENNEDY:

15 Q. Let me ask you this. If the  
16 dispensing data says that a particular pharmacy is  
17 dispensing, selling 1,000 Oxycontin in a month, and  
18 your records say you're selling them only 500, then  
19 you can reasonably conclude that they are getting  
20 Oxycontin from somebody other than just McKesson;  
21 right?

22 MS. HENN: Objection. Calls for  
23 speculation.

24 THE WITNESS: Counsel, there are so many  
25 variables in pharmacy behavior, in terms of inventory

1 management, again, it's very difficult for me to  
2 answer accurately whether that could take place.

3 BY MR. KENNEDY:

4 Q. If you have the dispensing data,  
5 McKesson would be able to determine the percentage of  
6 controlled substances against total prescriptions?  
7 They would be able to calculate that, wouldn't they?

8 MS. HENN: Objection. Lack of foundation.  
9 Speculation.

10 THE WITNESS: Counsel, I'm having a  
11 difficult time answering the question. I think it's  
12 an oversimplification of analysis of the value of  
13 this dispensing data.

14 As I stated, it was a very valuable tool to  
15 us, but it was a single tool. We had other data  
16 points that we needed to understand.

17 BY MR. KENNEDY:

18 Q. Isn't that exactly one of the things  
19 that the DEA told McKesson in 2006 you ought to be  
20 looking to, the percentage of controlled substances  
21 that a pharmacy was selling against its total  
22 prescription sales? Isn't that one of the specific  
23 items that DEA informed you in 2006 you should be  
24 looking at?

25 MS. HENN: Objection. Lack of foundation.

1 BY MR. KENNEDY:

2 Q. Correct?

3 A. My recollection, was that the  
4 percentage of controlled substance sales were a point  
5 of indication.

6 MR. KENNEDY: All right. So we've got

■ [REDACTED]

■ [REDACTED]

9 look to another region, all right? Let's look to  
10 Exhibit 680.

11 (Exhibit No. 680 was marked.)

12 MS. HENN: Thank you.

13 BY MR. KENNEDY:

14 Q. Exhibit 680 is -492821 to -492823.  
15 This is an email from Dave Gustin; correct?

16 A. Yes.

17 Q. Tell the jury who Dave Gustin was?

18 A. Dave Gustin was the Director of  
19 Regulatory Affairs, DRA, for the Central Region.

20 Q. And the Central Region, how many  
21 states are in the Central Region?

22 A. I don't know specifically the number  
23 of states going from memory here, but it's basically  
24 the Midwest, stretching down into Kentucky. So Iowa,  
25 Nebraska, Minnesota, Illinois, Indiana.

1 Q. Well, between Mr. McDonald now and  
2 Mr. Gustin, they probably account for more than half  
3 of the country; would that be right?

4 A. Certainly half the geography.

5 Q. Thousands of pharmacies; right?

6 A. There would be a large number of  
7 pharmacies in that area.

8 Q. And Mr. Gustin -- now, this is  
9 1-16-12. This is about the same time of McDonald's  
10 email talking about dispensing data. And can you  
11 tell us who's this large group of people that he  
12 seems to be sending this email to?

13 A. This appears to be the North Central  
14 Region Sales and Operations teams.

15 Q. Look at the next page, if you would.  
16 See on the next page, a January 5, 2012, email from  
17 Dave Gustin?

18 A. Yes.

19 Q. Another large group of people?

20 A. Yes.

21 Q. In the first paragraph does he state:

■ [REDACTED]  
■ [REDACTED]  
■ [REDACTED]  
■ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

9 Q. So he's talking about requirements,  
10 and he's talking about the Controlled Substances  
11 Monitoring Program of 2008; true?

12 A. Yes.

13 Q. And that program applied nationally;  
14 did it not?

15 A. Yes, it did.

16 Q. Look at the next page, if you would,  
17 page -23. In big capital letters, "Dispensing data."  
18 Do you see that?

19 A. Yes.

20 Q. Now, this is Mr. Gustin, and he is  
21 the Director of Regulatory Affairs for the entire  
22 North Central Region of the United States; true?

23 A. Yes.

24 Q. And he states, and he seems -- maybe  
25 he's parroting Mr. McDonald. But now he is writing

1 to his region:

Group	Should Take Action (%)	Should Not Take Action (%)
All respondents	83	16
Gender		
Male	82	17
Female	84	15
Age		
18-29	81	18
30-49	83	16
50-64	84	15
65+	85	14
Education		
High school or less	82	17
Some college	83	16
Bachelor's or higher	84	15

[REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

7 BY MR. KENNEDY:

8 Q. All right. Well, look at -- look at  
9 your Controlled Substances Monitoring Program, if you  
10 would, the program you put in place in 2008, which is  
11 Exhibit 672? Back to 672, if you could.

12 MS. HENN: The 2013 version?

13 MR. KENNEDY: Yes.

14 THE WITNESS: I see it.

15 BY MR. KENNEDY:

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED]



1 BY MR. KENNEDY:

2 Q. Let's go back, then, if we could, to  
3 Exhibit 680. This is Mr. Gustin, from the North  
4 Central Region; correct?

5 A. Yes.

6 Q. And he's writing his region. And if  
7 we look to bullet point 2, he states:

█ [REDACTED]

█ [REDACTED] █

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

[illegible]

A collection of 25 horizontal bars of varying lengths and positions, representing a stylized barcode or data visualization. The bars are arranged in a vertical sequence, with some starting at the left edge and others indented. The bars vary in length, with some spanning most of the width and others being much shorter. The bars are a solid dark gray color against a light gray background.

24 MR. KENNEDY: Let's look at 681,  
25 Exhibit 681.

1 (Exhibit No. 681 was marked.)

2 BY MR. KENNEDY:

3 Q. Showing you what has been marked as  
4 Exhibit 681, which is -490953 to -54. Now, this is

■

■

7 we have an email by Joe Lumpkin.

8 Who was Joe Lumpkin?

9 A. Joe Lumpkin was one of two of our  
10 DRAs that we assigned to the Northeast Region.

11 Q. And, now, on November 30, 2012, he  
12 sends an email to a large group of people; does he  
13 not?

14 A. Yes.

15 Q. And he says, "Northeast Team," right,  
16 at the beginning?

17 A. Yes.

18 Q. And he says, "As of December 1,  
19 please be aware it is required for any ISMC" -- and  
20 that would be the independent small, medium chains;  
21 right?

22 A. Yes.

23 Q. He says:

■

■

[illegible]

The Great Gatsby

16 BY MR. KENNEDY:

17 Q. And these are exactly the things that  
18 you told us the DEA said to look out for in 2006;  
19 right?

20 MS. HENN: Objection. Lacks foundation.

21 BY MR. KENNEDY:

22 Q. It's now 2012. The DEA said to  
23 McKesson in 2006, these are some of the things to  
24 look out for?

25 MS. HENN: Same objection.

1 BY MR. KENNEDY:

2 Q. Correct?

3 A. I'm not -- I'm not sure I understand  
4 your question, Counsel. The DEA outlined the items  
5 such as this in 2006, that is correct.

6 Q. And my point is, sir, it's six years  
7 later -- it's 2012 -- and the entire Eastern Region  
8 is saying, as of December 1, 2012, six years after  
9 these have been outlined by the DEA, we're going to  
10 start doing this; correct?

11 MS. HENN: Objection. Mischaracterizes the  
12 document. Lack of foundation.

13 THE WITNESS: I wouldn't agree with that  
14 statement. We had a number of tools we used  
15 throughout the time that we executed CSMP.

16 BY MR. KENNEDY:

17 Q. Sir, other than the dispensing data,  
18 where are you going to get the names of the doctors  
19 prescribing medications? Where are you getting the  
20 names?

21 MS. HENN: Objection to form.

22 BY MR. KENNEDY:

23 Q. Tell us.

24 A. I'm not aware of all the potential  
25 sources, but -- that we could get for, you know,

1 doctors prescribing.

2 Q. Other than the dispensing data, where  
3 are you going to find out what's getting paid for in  
4 cash, sir? Like the DEA said six years earlier you  
5 ought to look for, where are you going to find that  
6 information without the dispensing data?

7 MS. HENN: Objection to form. Calls for  
8 speculation.

9 THE WITNESS: I really don't know. I  
10 mean --

11 BY MR. KENNEDY:

12 Q. Tell me, how are you going to run  
13 percentages of controlled substances at a particular  
14 pharmacy versus total prescriptions without  
15 dispensing data, sir? Tell me that. Where are you  
16 going to get it?

17 MS. HENN: Objection to form.

18 THE WITNESS: Again, I would -- I would  
19 speculate. But I would like to clarify that DEA's  
20 guidance in 2006 was percentage of sales of  
21 controlled substances to total pharmacy sales.

22 BY MR. KENNEDY:

23 Q. And where are you going to get that  
24 information other than dispensing data?

25 A. We would have that information from a



1 sales standpoint.

2 Q. Your sales standpoint, not the total  
3 sales; correct? Your sales --

4 MS. HENN: Objection. Calls for  
5 speculation.

6 BY MR. KENNEDY:

7 Q. -- but not the total sales of a  
8 pharmacy; true?

9 MS. HENN: Calls for speculation.

10 THE WITNESS: Again, we -- we could look at  
11 the sales record as a percentage of sales to a given  
12 pharmacy.

13 BY MR. KENNEDY:

14 Q. McKesson's data, not the pharmacy's;  
15 true?

16 MS. HENN: Objection to form.

17 BY MR. KENNEDY:

18 Q. True?

19 A. This was McKesson's data.

20 Q. Right. You can't do it for the  
21 pharmacy because you don't know how many different  
22 folks they are buying from; right?

23 MS. HENN: Objection to form. Calls for  
24 speculation.

25 ///

1 BY MR. KENNEDY:

2 Q. Correct?

3                   A.           Again, I don't know that I can answer  
4   because there's a number of different tools that we  
5   could use to understand if a pharmacy was just our  
6   customer.

7 Q. Tell me where in 2012, without the  
8 dispensing data, you can find out the total amount of  
9 oxycodone being sold by a particular pharmacy? Tell  
10 me.

11 MS. HENN: Objection to form. Calls for  
12 speculation.

13 THE WITNESS: I don't know.

14 BY MR. KENNEDY:

Category	Percentage
1	100%
2	100%
3	100%
4	100%
5	100%
6	100%
7	100%
8	100%
9	100%
10	100%
11	100%
12	100%

[illegible]

[illegible]

[REDACTED]

20 MS. HENN: I think we are going to have to  
21 go off the record.

22 THE VIDEOGRAPHER: We are going off the  
23 record. The time is 12:44 p.m.

24 (Lunch recess taken at 12:44 p.m.)

25 --o0o--

1 AFTERNOON SESSION 1:19 P.M.

2 --o0o--

3 THE VIDEOGRAPHER: We are back on the  
4 record. The time is 1:19 p.m.

5 BY MR. KENNEDY:

6 Q. All right. Mr. Walker, we've talked  
7 a bit about the independents, the small, medium, the  
8 smaller chains. I want to switch gears now and talk  
9 to you about what McKesson called the RNAs, or the  
10 regional national accounts; all right?

11 A. Yes.

12 Q. You're familiar with RNA, regional  
13 national account terminology?

14 A. The -- yes, I am. The correct  
15 terminology is retail national account.

16 Q. I'm sorry. Those would be the big  
17 chains?

18 A. Big chains.

19 Q. The CVS, the Walgreens, the Walmarts,  
20 the Rite Aids; correct?

21 A. That size chain, yes.

22 Q. Those are big customers; we agree?  
23 The big chains were big customers to McKesson?

24 A. Yes.

25 Q. Probably over a billion dollars worth

1 of business with big -- big national pharmacies?

2 MS. HENN: Objection. Lacks foundation.

3 THE WITNESS: I don't recall the specific  
4 sales volume, but they are large -- they were large  
5 customers.

6 BY MR. KENNEDY:

7 Q. I mean, would you disagree if I were  
8 to say that probably the majority of McKesson's  
9 controlled substance sales were being made to the big  
10 retail national accounts?

11 MS. HENN: Objection to form. Lacks  
12 foundation.

13 THE WITNESS: I actually cannot say because  
14 it would be speculative, just due to the business  
15 models of particularly some of the hospital accounts.

16 BY MR. KENNEDY:

17 Q. All right. Anyway, the big national  
18 accounts made up 16,000-plus individual pharmacies;  
19 does that sound right?

20 MS. HENN: Objection to form.

21 THE WITNESS: I don't recall specifically  
22 the number of pharmacies that were involved in that  
23 segment.

24 BY MR. KENNEDY:





[REDACTED]

[REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED]

13 BY MR. KENNEDY:

14 Q. Now, with respect to threshold  
15 increases. We talked about threshold increases in  
16 the smaller chains. Let's talk about threshold  
17 increases with respect to the big chains.

18 From time to time McKesson would increase  
19 thresholds for pharmacies that were part of a large  
20 retail account; correct?

21 MS. HENN: Objection to form.

22 THE WITNESS: Yes, we -- we would increase  
23 thresholds.

24 BY MR. KENNEDY:

[REDACTED] [REDACTED] [REDACTED]

[illegible]

Item	Percentage
1. I have a good understanding of the company's goals and objectives.	100%
2. I am committed to the company's mission and vision.	100%
3. I am proud to be part of this organization.	100%
4. I believe in the company's values and culture.	100%
5. I am motivated to do my best work for the company.	100%
6. I am committed to the company's success.	100%
7. I am proud to represent the company to others.	100%
8. I believe in the company's ability to achieve its goals.	100%
9. I am committed to the company's long-term success.	100%
10. I am proud to be part of a team that achieves great things.	100%
11. I believe in the company's ability to overcome challenges.	100%
12. I am committed to the company's growth and development.	100%
13. I am proud to be part of a company that makes a difference.	100%
14. I believe in the company's ability to innovate and create new opportunities.	100%
15. I am committed to the company's financial success.	100%
16. I am proud to be part of a company that is a leader in its industry.	100%
17. I believe in the company's ability to attract and retain top talent.	100%
18. I am committed to the company's reputation and brand.	100%
19. I am proud to be part of a company that is socially responsible.	100%
20. I believe in the company's ability to make a positive impact on the world.	100%

17           Q.       Who is Elaine Thomet, if I'm saying  
18   that right?

19                   A.       I'm sorry.  Can you spell the last  
20    name.

21 Q. T-h-o-m-e-t.

22 A. Thomet.

23 Q. Thomet. I am very sorry. I wasn't  
24 even close.

25 Who is she or who was she in this period of

1 '08 to, let's say, '14, 2014?

2 A. My recollection is Elaine and her  
3 responsibilities during that time frame, she worked  
4 in our retail national account support team. She was  
5 a -- as I understood it -- I don't remember her  
6 title -- was primarily a liaison, you know, from the  
7 retail national account support team into operations  
8 and others.

9 Q. Okay. She would liaison into  
10 regulatory?

11 A. On occasion, I believe that's  
12 correct.

13 MR. KENNEDY: Let's look at Exhibit 677.

14 (Exhibit No. 677 was marked.)

15 MR. KENNEDY: And that is Bates -52132 to  
16 -375.

17 Q. I want to look at an email, the top  
18 email on the first page, -72.

19 A. I haven't seen this document before.  
20 Could I just --

21 Q. Sure.

22 A. -- have a moment to familiarize  
23 myself?

24 Q. Please.

25 A. Thank you.

1 (Witness reviewing document.)

2 A. Okay.

3 Q. If you want to look -- look to page  
4 -74. That would be the third page in.

5 And you remember, we've had a discussion  
6 about dispensing data and whether or not that was  
7 required for an increase in a drug threshold for the  
8 smaller independent accounts. Do you recall that  
9 discussion we had? Correct?

10 A. I'm sorry. Repeat your question.

11 Q. We've -- we've had a discussion --  
12 I've asked you about the requirement for dispensing  
13 data in -- when increasing the threshold of an  
14 independent or smaller chain. You recall that  
15 discussion?

16 A. Yes.

17 MS. HENN: Objection to form.

18 BY MR. KENNEDY:

19 Q. So I want to have that discussion now  
20 with respect to the regional national accounts.

21 If you look to page -74, down at the bottom,  
22 you will see a November 1, 2012, email, it looks like  
23 from Perry Anderson, where it says:

24 (Reading) Hi, Dan, quick question.

25 See Frank's email below regarding CSMP

1 threshold adjustments (end of  
2 reading).

3 That's Controlled Substance Monitoring  
4 Program; right?

5 A. Yes.

6 Q. And they are asking about threshold  
7 adjustments. And he says, "Is it common -- common  
8 practice in RNA" -- that would be the big chains;  
9 right? Right? RNA?

10 A. Yes.

11 Q. (Reading) Is it common practice  
12 in RNA to change thresholds without  
13 asking for this similar backup, or is  
14 it more or less done by RNA support  
15 team behind the scenes for RNA  
16 accounts (end of reading)?

17 Now, go back to -74. And here seems to be  
18 the response. Dan Jeffries responds:

19 (Reading) We do -- we adjust at the  
20 request of the customer, but we don't  
21 ask for dispense data (end of  
22 reading).

23 Do you see that?

24 A. Yes.

25 Q. He's talking about the regional

1 national accounts. Was that the policy -- and it's  
2 2012 -- that with respect to increases in the  
3 thresholds for pharmacies that were a part of the big  
4 chains, you did not ask for dispensing data?

5 MS. HENN: Objection to form.

6 THE WITNESS: Generally we did not ask for  
7 any dispensing data from our retail national account  
8 pharmacies.

9 BY MR. KENNEDY:

10 Q. Go to page -72, the first page. Now,  
11 this is an email from Elaine Thomet on 11-2-12. And  
12 she says:

13 (Reading) If it helps, I will add some  
14 clarification. What Frank may not  
15 understand is that with RNA, the big  
16 accounts, we are able to establish the  
17 regulatory relationship with their  
18 headquarters and not at store level  
19 (end of reading).

20 Now, that's what we were talking about. You  
21 were addressing the headquarters as opposed to the  
22 individual stores when it came to the big national  
23 accounts; true?

24 A. We used the headquarters.

25 Q. She then says:

1           (Reading) After their thresholds have  
2           been initially set up, based on their  
3           required usage data or historical  
4           data, if they were a customer back  
5           when we implemented the CSMP, then any  
6           time they exceed their threshold, we  
7           review it and working with their  
8           headquarters and our regulatory team,  
9           determine if the store should be  
10          allowed an increase. If the HQs  
11          agreed, then the presumption is made  
12          that they have done their due  
13          diligence. It also means that we are  
14          not talking to the direct purchaser --  
15          that's the individual pharmacy -- but,  
16          rather, a representative from  
17          headquarters, preferably in Regulatory  
18          Loss Prevention, Asset Control,  
19          et cetera (end of reading).

20               Do you see that?

21           A.       Yes.

22           Q.       And was that basically then the  
23          practice? If headquarters said a threshold increase  
24          is okay, there was at least -- in the words of  
25          Ms. Thomet, there was a presumption that the



1     headquarters of the national chain had done their due  
2     diligence -- had done their due diligence; is that  
3     correct?

4             A.       It is -- it is correct that we  
5     utilized the retail national chains' headquarters  
6     regulatory and oversight groups to assist us in  
7     ensuring that any threshold increases were  
8     appropriate.

9             Q.       And you would assume that they did  
10    their due diligence when saying a threshold increase  
11    is okay, according to -- at least to Elaine Thomet?

12            A.       Based -- based on our discussions  
13    with headquarters and understanding what their  
14    internal procedures were and how they conducted  
15    oversight of their pharmacies, yes.

16            Q.       No prescribing data was required to  
17    grant a threshold increase for the pharmacy at a  
18    large chain; correct? We just went through that.  
19    True?

20            A.       No.

21            MS. HENN: Objection to form.

22    BY MR. KENNEDY:

23            Q.       And so McKesson, when increasing the  
24    threshold of a pharmacy at a large chain, had no  
25    direct knowledge of the physicians who were writing

1 the prescriptions at the pharmacies for the large  
2 national accounts; true?

3 A. That is -- that is correct.

4 Q. You weren't able to check to see if  
5 any of these physicians had an issue with a medical  
6 board in the large national chains, correct, because  
7 you didn't have their identity? Couldn't do that;  
8 true?

9 MS. HENN: Objection to form. Calls for  
10 speculation.

11 BY MR. KENNEDY:

12 Q. Correct?

13 A. It is probably more accurate to state  
14 that we did not have the detail of their -- of their  
15 prescriptions and the items that would be included in  
16 that prescription data.

17 Q. All right. And that would include  
18 the identity of the doctor; correct?

19 A. Presumably, yes.

20 Q. It would include the data that would  
21 allow you to accurately run percentages on controlled  
22 purchases versus non-controlled purchases; correct?

23 MS. HENN: Objection to form.

24 THE WITNESS: We wouldn't have that ability.

25 ///

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7 Q. And the DEA had informed McKesson,  
8 had they not, that a list of pain clinics were a big  
9 problem in our country? They had told you that; had  
10 they not?

11 MS. HENN: Objection to form. Lacks  
12 foundation.

13 THE WITNESS: In a prior meeting and some  
14 communications, the DEA identified pain clinics.

15 MR. KENNEDY: Let me show you Exhibit 752.

16 (Exhibit No. 752 was marked.)

17 MR. KENNEDY: 752 is Bates -498169 to -183.

18 Q. This is an email from you; is it not?

19 A. Yes.

20 Q. Dated May 2nd, 2012; is that right?

21 A. Yes.

22 Q. And it looks like you're sending it  
23 out to a variety of the Directors of Regulatory  
24 Affairs and folks in somewhat management positions as  
25 it relates to Regulatory Affairs; right?

1 MS. HENN: Counsel, let me just ask the  
2 videographer, could you please close the door. Thank  
3 you.

4 Could you go ahead and repeat that. I'm  
5 sorry.

6 MR. KENNEDY: Yes.

7 Q. This email is being sent out by you  
8 in 2012, it looks like, to the DRAs, the Directors of  
9 Regulatory Affairs, and -- maybe just Directors of  
10 Regulatory Affairs; right?

11 A. It appears to be restricted to the  
12 regulatory team.

13 Q. And if you want to look at -174.  
14 And, again, this is something -- is this a slide,  
15 sir, that you would have prepared?

16 A. Yes.

17 Q. And at -174, in your slide show, "How  
18 the DEA sees it." Does it state:

■ [REDACTED]  
■ [REDACTED]  
■ [REDACTED]  
■ [REDACTED]  
■ [REDACTED]  
■ [REDACTED]  
■ [REDACTED]



[illegible]

[illegible]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6 MS. HENN: Objection. Asked and answered.

7 BY MR. KENNEDY:

8 Q. Is that your slide?

9 A. This is -- this is a slide that I  
10 created.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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Row	Bar Length (approx. % of total width)
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15 Q. So the big chain pharmacies represent  
16 16,000 individual pharmacies. And I can't remember  
17 if we agreed to that number. Does that sound about  
18 right, 16,000 individual pharmacies for the big  
19 national chains?

20 MS. HENN: Objection to form. Lacks  
21 foundation.

22 THE WITNESS: I didn't -- I didn't agree or  
23 disagree. I just don't know.

24 BY MR. KENNEDY:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

10 BY MR. KENNEDY:

11 Q. Well, let me ask, did McKesson ever  
12 think that -- let's say, for example, did they ever  
13 think that CVS would report themselves to the DEA?

14 A. I'm not sure I understand that  
15 question.

16 Q. Did McKesson ever believe that CVS,  
17 for example, CVS headquarters, would report one of  
18 their own pharmacies to the DEA?

19 A. I can't answer the question. I  
20 don't -- I don't know.

21 Q. I mean, did CVS ever sit there and  
22 say, well, we think that CVS headquarters will  
23 contact the DEA and tell them we have a pharmacy in  
24 West Virginia that is violating the law, and we think  
25 you should close them down? Do you think that they



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

12 MR. KENNEDY: Give me 684.

13 (Exhibit No. 684 was marked.)

14 MR. KENNEDY: I am going to show you  
15 Exhibit 684, which is McKesson -513746.

16 BY MR. KENNEDY:

17 Q. This is an email from Elaine Thomet.  
18 And I believe her title was Director of RNA Support  
19 Solutions. Does that sound right?

20 A. Hang on just a moment. Let me take a  
21 real quick look.

22 To answer your first question, her title is  
23 Director of Business Process.

24 Q. Oh, right. So she would understand  
25 the process of what you folks were doing? That's

1 kind of what her job was, the process?

2 A. I believe that she understood our  
3 processes.

4 Q. She sends an email on January 2,

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

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```
graph TD
    A[All organisms 100%] --> B[Prokaryotes 20%]
    A --> C[Eukaryotes 80%]
    B --> D[Bacteria 15%]
    B --> E[Archaea 5%]
    C --> F[Fungi 25%]
    C --> G[Plants 20%]
    C --> H[Animals 25%]
    C --> I[Protists 10%]
    F --> J[Mushrooms 10%]
    F --> K[Molds 10%]
    F --> L[Yeasts 5%]
    G --> M[Gymnosperms 10%]
    G --> N[Angiosperms 10%]
    G --> O[Algae 0%]
    H --> P[Invertebrates 15%]
    H --> Q[Mammals 10%]
    H --> R[Birds 5%]
    H --> S[Reptiles 5%]
    I --> T[Protozoa 5%]
    I --> U[Algae 5%]
    I --> V[Fungi 0%]
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[illegible]





[illegible]

23 MR. KENNEDY: Let me show you Exhibit 685.

24 (Exhibit No. 685 was marked.)

25 MR. KENNEDY: 685 is Bates -498295 to -307.

1 Q. Do you remember this document?

2 A. Yes, I do.

3 Q. And this is a PowerPoint that was put  
4 together for presentation to the DEA; true?

5 A. The date of this document is -- and  
6 my understanding of this document, based on the date  
7 here, is that it was a document that we put together  
8 for a review with various DEA field offices and DEA.

9 Q. Did you prepare this?

10 A. I prepared the original, yes.

11 Q. Go to page -302, if you would. See  
12 where it says, "Level 1 Review"?

13 A. Yes.

14 Q. That's what we've been talking about  
15 with respect to the large chain pharmacies; right?

16 A. Yes.

[REDACTED]

[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

13 MR. KENNEDY: Give me 682.

14 (Exhibit No. 682 was marked.)

15 MR. KENNEDY: Let me show you Exhibit 682.

16 Q. This is a graph of data that we put  
17 together, all right? And it is based upon -- I will  
18 tell you, it is based upon McKesson's transaction  
19 data and sales that they provided to us. All right?

20 And so let me ask you, Rite Aid, was that a  
21 big national account, one of the big retail RNA  
22 accounts at McKesson?

23 A. Rite Aid was and is a large customer  
24 of McKesson.

[REDACTED]

A horizontal bar chart titled 'Percentage of respondents who believe that the government should take action to address climate change'. The chart is broken down by age group (18-29, 30-49, 50-69, 70+) and gender (Male, Female). The x-axis represents the percentage of respondents, ranging from 0% to 100%. The y-axis lists the demographic groups. The data is as follows:

Age Group	Gender	Percentage
18-29	Male	92%
	Female	88%
30-49	Male	85%
	Female	82%
50-69	Male	78%
	Female	75%
70+	Male	65%
	Female	62%
Total	Male	80%
	Female	78%



[illegible]

[REDACTED]

[REDACTED]

3 MS. HENN: And, Counsel, I will just note  
4 for the record that this data is all produced highly  
5 confidential, and this should be marked when you  
6 create exhibits with that information.

7 So we will ask that the court reporter mark  
8 this 682 as highly confidential.

9 BY MR. KENNEDY:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

19 MR. KENNEDY: Give me 678.

20 (Exhibit No. 678 was marked.)

21 BY MR. KENNEDY:

22 Q. I am going to show you Exhibit 678,  
23 which we don't have Bates numbers on. Let me give  
24 you this. It's 445881-4.

25 If you go down to the bottom, this is an

1 email by Elaine Thomet again, July 17, 2014. I want  
2 to see if you agree with this. Do you see the second  
3 page?

4 A. Hang on just a moment. Let me just  
5 take a quick look.

6 Okay. Counsel, you directed me to the  
7 second page?

8 Q. Yes. Look at the second page, the  
9 big letters. I mean, you just looked at it. She  
10 is -- she's talking about setting up informational  
11 phone calls; is she not?

12 A. Yes.

[REDACTED]

[REDACTED]

19 BY MR. KENNEDY:

20 Q. Well, let me just -- well, first,  
21 tight controls. You understand CVS was fined  
22 \$130 million with respect to violations of the  
23 Controlled Substances Act, \$130 million fines, as you  
24 tell us they had these very, very tight controls?  
25 You knew that in your position, didn't you?

1 MS. HENN: Objection to form. Lacks  
2 foundation.

3 BY MR. KENNEDY:

4 Q. You knew that; did you not?

5 A. I was aware CVS had paid some  
6 penalties. I don't recall the amount nor do I recall  
7 the events or the issues.

■ ■ [REDACTED]  
■ [REDACTED]  
■ [REDACTED] ■  
■ [REDACTED]  
■ ■ [REDACTED]

13 Q. And proxy means you are giving  
14 someone else authority to act for you; is that what  
15 it means?

16 MS. HENN: Objection to form. Calls for  
17 speculation.

18 THE WITNESS: Generally, I would understand  
19 that.

20 BY MR. KENNEDY:

■ ■ [REDACTED]  
■ [REDACTED] [REDACTED]  
■ [REDACTED]  
■ [REDACTED]  
■ [REDACTED]

[illegible]

24 Q. It's 2014, all right, when she is  
25 saying that. 2014 is the date of this, is it not,

1 for this educational webinar?

2 MS. HENN: Objection to form.

3 BY MR. KENNEDY:

4 Q. Is that right?

5 MS. HENN: Mischaracterizes the document.

6 BY MR. KENNEDY:

7 Q. 2014?

8 A. The document is dated in 2014.

■ ■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ ■ [REDACTED]

■ ■ [REDACTED]

■ [REDACTED]

19 Q. And it's eight years after the DEA

20 told McKesson this is what diversion looks like;

21 right? Eight years?

22 MS. HENN: Objection to form. Lacks

23 foundation.

24 BY MR. KENNEDY:

25 Q. Eight years, sir?



1 MS. HENN: Mischaracterizes the document.

2 THE WITNESS: I think better -- a better  
3 characterization there is that it was eight years  
4 after DEA identified issues with Internet pharmacies.  
5 They didn't reveal all of this -- these issues.

6 And, frankly, as we evolved our program and  
7 gained additional information and additional  
8 knowledge and ability to utilize data, we expanded  
9 our enforcement and -- well, not enforcement, but our  
10 oversight effort in every way that we could.

11 BY MR. KENNEDY:

[REDACTED]

23 BY MR. KENNEDY:

24 Q. And it took you eight years?

25 MS. HENN: Same objection.

1 BY MR. KENNEDY:

2 Q. Eight years to modify your program  
3 after being told by the DEA this is important  
4 information to have in identifying suspicious orders  
5 and diversion; correct?

6 MS. HENN: Objection. Lacks foundation.  
7 Mischaracterizes the documents.

8 BY MR. KENNEDY:

9 Q. Is that right, sir, eight years to  
10 develop it?

11 A. It is eight years between 2006 and  
12 2014. But it is not correct that DEA identified all  
13 the issues and all the information that we have  
14 discussed in terms of prescription data. And during  
15 that time frame, prescription data resources and  
16 capabilities increased significantly with technology.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

13 BY MR. KENNEDY:

14 Q. Sir, let me ask you this. You're  
15 familiar with the Controlled Substance Act of 1970;  
16 is that right?

17 A. Yes.

18 Q. And then the regulations we've talked  
19 about after that relating to suspicious order  
20 monitoring that came into effect, I think, in 1971?  
21 We spoke about that regulation; true?

22 A. Yes, I'm familiar with that.

23 Q. Did the United States Congress ever  
24 say that McKesson could give the pharmacies and the  
25 big national accounts their proxy and allow them to

1 monitor themselves? Did Congress ever state that?

2 MS. HENN: Objection to form. Calls for  
3 speculation.

4 THE WITNESS: Ask the question again,  
5 Counsel. I'm not sure I understand what you're  
6 asking.

7 BY MR. KENNEDY:

■ ■ [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED]

25 ///

1 BY MR. KENNEDY:

2 Q. Sir, a pharmacy is not a distributor;  
3 correct?

4 MS. HENN: Objection to form.

5 BY MR. KENNEDY:

6 Q. With respect to what we're talking  
7 about, some of the pharmacies would distribute to  
8 themselves. But outside of that, what we're talking  
9 about is, let's say, pharmacies that are not  
10 self-warehousing, they have a duty and a  
11 responsibility under the law as a pharmacy; correct?

12 MS. HENN: Objection to form.

13 BY MR. KENNEDY:

14 Q. Is that right?

15 MS. HENN: Lacks foundation.

16 THE WITNESS: I'm not familiar with pharmacy  
17 legal requirements. I understand distributor.

18 BY MR. KENNEDY:

19 Q. All right. But didn't you just tell  
20 us you, as a distributor, were relying upon the  
21 pharmacy and what they were required to do under the  
22 law?

23 MS. HENN: Same objections.

24 BY MR. KENNEDY:

25 Q. And now you don't know what their

1 requirements are?

2 A. What I was answering was the chains  
3 that we're discussing were self-warehousing chains  
4 and had a distributor registration as well as a  
5 pharmacy registration.

■ ■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

16 BY MR. KENNEDY:

17 Q. You understand that the  
18 responsibilities under the law for a pharmacy to  
19 prevent a diversion is different than the  
20 responsibilities under the law of a distributor?  
21 They are different; correct?

22 A. I don't understand specifically the  
23 regulations associated with pharmacy. I've never  
24 reviewed them. But generally I understand that they  
25 are different.

1 Q. Right. And the way Congress set this  
2 up, because they did not want a crisis, is they gave  
3 responsibilities to the distributors, and they gave a  
4 separate responsibility to the pharmacies, a belt and  
5 a suspenders? It wasn't one or the other. Congress  
6 wanted both to have responsibilities to prevent the  
7 diversion of dangerous drugs into the communities;  
8 right? A separate set of responsibilities for each;  
9 correct?

10 MS. HENN: Objection to form.

11 THE WITNESS: Again, I -- I don't know what  
12 Congress's intent necessarily was. I understand the  
13 regulation.

14 BY MR. KENNEDY:

15 Q. And you understand the regulation  
16 gave a responsibility and a set of responsibilities  
17 to the two different entities? Distributors, you've  
18 got your jobs, and pharmacies, you have your job;  
19 correct?

20 A. I understand the distributor  
21 responsibilities.

22 Q. Nowhere did it ever say that if the  
23 pharmacy has responsibility, us as distributors, we  
24 don't have any responsibility to prevent diversion?  
25 That has never been stated anywhere; correct?

1 MS. HENN: Objection to form.

2 THE WITNESS: Again, I -- the regulations  
3 are very clear what our responsibilities are.

4 MS. HENN: Counsel, is this another good  
5 time for a break? It's been an hour.

6 MR. KENNEDY: Give me five minutes.

7 MS. HENN: Are you comfortable going five  
8 minutes?

9 THE WITNESS: That's fine.

10 MR. KENNEDY: Let me show you Exhibit 674,  
11 if I could.

12 MS. HENN: Thank you.

13 (Exhibit No. 674 was marked.)

14 BY MR. KENNEDY:

15 Q. This is Bates -507218 to -507220.

16 This is an email from Michael Oriente, if you look at  
17 the top. Who is Michael Oriente?

18 A. Michael Oriente was -- was and is the  
19 Director of Regulatory Affairs for the East Region --  
20 Northeast Region.

21 Q. So a big responsibility. He's one of  
22 four/six people; correct?

23 A. Yes, at that point in time.

24 Q. And at this point in time, he is also  
25 responsible for managing and monitoring some of the



1 large national chains; true?

2 A. Yes.

3 Q. And this is April of 2011. And does  
4 he state, "Dave" -- and he's sending an email to Dave  
5 Gustin, who is another Regulatory Affairs person;  
6 right? He's in the Midwest; right?

7 A. Yes.

8 Q. He also has some responsibility for  
9 these big national chains; right?

10 A. Yes.

11 Q. And does he state, "Dave, can you ask  
12 RNA" -- and that's the regional national account  
13 portion of McKesson; right?

14 A. Yes.

[REDACTED]

Category	Percentage of respondents
Current government	10%
Current government	20%
Current government	30%
Current government	40%
Current government	50%
Current government	60%
Current government	70%
Current government	80%
Current government	90%
Previous governments	10%
Previous governments	20%
Previous governments	30%
Previous governments	40%
Previous governments	50%
Previous governments	60%
Previous governments	70%
Previous governments	80%
Previous governments	90%

■ [REDACTED]

■ [REDACTED] ■ [REDACTED]

■ [REDACTED] ■ [REDACTED]

■ [REDACTED]

5 Q. And do you know he was responsible  
6 for CVS for a certain portion of time; did you know  
7 that?

8 A. I don't recall.

9 Q. He was in charge of Rite Aid for a  
10 certain portion of time; do you know that?

11 A. I do recall he had responsibility for  
12 Rite Aid.

13 Q. Kroger's?

14 A. Again, I don't remember all the ones  
15 that he had.

16 Q. Costco; do you remember that?

17 MS. HENN: Objection to form. Lacks  
18 foundation.

19 THE WITNESS: Again, I don't -- I don't  
20 recall specifically.

21 BY MR. KENNEDY:

■ [REDACTED] ■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

16 BY MR. KENNEDY:

17 Q. Well, at this point in time -- maybe  
18 there's been change, maybe people are moving around,  
19 but this man, in charge of CVS and Rite Aid and  
20 Costco and Krogers, he doesn't even know who to call;  
21 right?

22 MS. HENN: Objection.

23 BY MR. KENNEDY:

24 Q. At this point he doesn't even know  
25 who to call?

1 MS. HENN: Objection to form. Lacks  
2 foundation.

3 BY MR. KENNEDY:

4 Q. Isn't that what this is saying at  
5 this moment in time?

6 A. No, that's not accurate. I don't  
7 believe that this is that at all. I think he is  
8 ensuring that he has right information.

9 BY MR. KENNEDY:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

9 Q. Well, not so much interaction that  
10 Mr. Oriente even knows who to call; right?

11 MS. HENN: Objection to form.

12 THE WITNESS: Again, I think it's simply, as  
13 I read this and understand the question, is more of  
14 an update and clarification of who the contact people  
15 are.

16 MS. HENN: Go off the record.

17 THE VIDEOGRAPHER: We are going off the  
18 record. The time is 2:29 p.m.

19 (Recess taken.)

20 THE VIDEOGRAPHER: We are back on the  
21 record. The time is 2:46 p.m.

22 BY MR. KENNEDY:

23 Q. Mr. Walker, we have been talking  
24 about the large national --

25 THE VIDEOGRAPHER: Sorry, Counsel, your

1 microphone.

2 MR. KENNEDY: Oh, yeah.

3 Q. All right. Let me start all over.

4 Mr. Walker, we have been talking about the large  
5 national accounts, and I want to talk specifically  
6 about CVS; all right?

7 A. Okay.

8 Q. CVS was a large national account;  
9 were they not?

10 A. CVS is a large national retail chain.

11 Q. More than that, CVS, certainly while  
12 you were at McKesson, was -- they were McKesson's  
13 largest customer; were they not?

14 MS. HENN: Objection to form. Lacks  
15 foundation.

16 THE WITNESS: I don't recall specifically  
17 where they were. They were a large customer, but we  
18 were not the sole supplier. So I don't know exactly  
19 what their position was in our business.

20 BY MR. KENNEDY:

21 Q. Well, you know that in the 2010,  
22 2012, 2014 era, they were a customer purchasing in  
23 excess of \$10 billion --

24 MS. HENN: Objection to form. Lacks  
25 foundation.

1 BY MR. KENNEDY:

2 Q. -- from McKesson? Did you know that?

3 \$10 billion?

4           A.       I don't have any specific knowledge  
5   of what their sales volume was then.



[illegible]

[REDACTED]

19 MR. KENNEDY: We will go through the  
20 refusals. We will do that at one at a time.

21 Let's start with 698. Let's start in 2008  
22 and your discussions with CVS and trying to get them  
23 involved with your monitoring program.

24 (Exhibit No. 698 was marked.)

25 MR. KENNEDY: -627161 to -162.

1 THE WITNESS: Can I have a minute to review.

2 I just --

3 MR. KENNEDY: Please. Please.

4 THE WITNESS: -- haven't seen the document  
5 before.

6 (Witness reviewing document.)

7 THE WITNESS: Okay.

8 BY MR. KENNEDY:

9 Q. All right. Let's start at the  
10 bottom. That's the first email in time. This is  
11 from Michael Oriente, an email; correct?

12 A. Yes.

13 Q. And he was one of the Directors of  
14 Regulatory Affairs, who at that time was monitoring  
15 the CVS stores; would that be accurate?

16 A. I believe that's correct.

17 Q. And it's April 24, 2008. This is  
18 about the time that you're beginning the  
19 implementation of the monitoring program at McKesson;  
20 true?

21 A. Yes, we were implementing.

22 Q. And this is an email to you; right?

23 A. It's addressed to me.

24 Q. And he is recapping a call with CVS  
25 on that day; right?

1 A. Yes.

2 Q. And he starts off, "Don" -- and  
3 that's you. And he states:

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

[illegible]

[illegible]

[illegible]

[illegible]



[illegible]

Highly Confidential - Subject to Further Confidentiality Review

■	[REDACTED]
■	■ [REDACTED] [REDACTED]
■	[REDACTED]
■	[REDACTED]
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Row	Bar Length (approx. %)
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2	95
3	90
4	40
5	30
6	95
7	100
8	55
9	40
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12	40
13	85
14	95
15	90
16	95
17	90
18	95
19	90
20	95
21	90
22	95
23	90
24	95
25	40

25 Q. And, sir, you were -- you were in

1 charge of all the regulatory during this period, were  
2 you not, 2010, 2011, and 2012? You were in charge --

3 A. Yes.

4 Q. -- correct?

[REDACTED]

24 MR. KENNEDY: We were talking about CVS, I  
25 believe, in April of '08. Let's go four months

1 later, in July of '08.

2 THE REPORTER: What number is that?

3 MR. ASQUITH: 699.

4 (Exhibit No. 699 was marked.)

5 BY MR. KENNEDY:

6 Q. I'm going to ask you about page -70?

7 MS. URQUHART: Could we get a Bates number?

8 MR. KENNEDY: -627168 to -172.

9 Q. On page -170 --

10           A.       Can you just -- I haven't seen this  
11   document.  I am not familiar with it at all.

12 Q. Okay. All right.

13 (Witness reviewing document.)

14                    A.        Okay.

15 Q. Go to page -170, please. Do you see  
16 there, there is an email from Mr. Oriente, dated  
17 July 22, 2008. And this email is to you; correct?

18                    A.       Yes.

19 Q. And you're responsible for Regulatory  
20 at that point in time; are you not?

21           A.       Yes, I'm still responsible for  
22   Regulatory.

23                    Q.        And it says:

\_\_\_\_\_

\_\_\_\_\_

[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7 Q. Well, let me ask you this. What do  
8 you think Viper was monitoring? Was it monitoring  
9 controlled substances?

10 MS. HENN: Objection. Calls for  
11 speculation.

12 BY MR. KENNEDY:

13 Q. Or you just don't have any idea?

14 A. I can't speculate, because I just  
15 don't know.

16 Q. Well, this whole email is about the  
17 Controlled Substances Monitoring Program; isn't it?

18 A. Yes, it is.

19 Q. And it says that CVS has got a  
20 monitoring program. Do you think they are monitoring  
21 something other than controlled substances?

22 A. Again, I don't have any -- any  
23 specific knowledge or -- other than to speculate that  
24 that's about controlled substances.

25 Q. So you think that they're talking

1 about monitoring toothbrushes?

2 MS. HENN: Objection to form. Asked and  
3 answered. Calls for speculation.

4 THE WITNESS: Counsel, I'm trying to be  
5 clear that I did not and do not understand what Viper  
6 monitored, and, therefore, I can't answer your  
7 question specifically whether it did or did not  
8 include anything other than controlled substances or  
9 whether -- you know, what it oversaw.

10 BY MR. KENNEDY:

11 Q. Well, let me -- this is an email to  
12 you. You're in charge of Regulatory, which relates  
13 to controlled substances; right?

14 A. Yes.

15 Q. The topic -- or the subject of the  
16 email is your Controlled Substances Monitoring  
17 Program; correct? Correct?

18 A. Yes.

19 Q. They are talking about thresholds and  
20 Threshold Change Requests relating to controlled  
21 substances; are they not?

22 A. Yes.

23 Q. Right? They are talking about  
24 thresholds in relationship to controlled substances;  
25 are they not?



1           A.       The discussion is around thresholds  
2   and controlled substances.

3 Q. And so where it says they have a  
4 monitoring program at CVS, isn't it real easy to  
5 conclude that they are talking about monitoring of  
6 controlled substances when you read this?

7 MS. HENN: Objection to form. Asked and  
8 answered. Calls for speculation. Guess.

9 THE WITNESS: Counsel, I am trying to  
10 testify to that which I know. I do not know exactly  
11 what Viper monitored.

12 BY MR. KENNEDY:

13 Q. All right. And you can't put all of  
14 the content of this email together and conclude that  
15 Viper is monitoring controlled substances? You can't  
16 do that; is that what you're telling us? Under your  
17 oath, on the record, you can't put all that together  
18 from this email that you received?

19 MS. HENN: Objection to form. Asked and  
20 answered. Calling for speculation.

21 THE WITNESS: Very clearly, I can only  
22 testify to that which I absolutely know.

23 BY MR. KENNEDY:

\_\_\_\_\_

\_\_\_\_\_



[illegible]

[illegible]

[illegible]

[illegible]

Category	Percentage
1	99%
2	99%
3	99%
4	99%
5	99%
6	99%
7	99%
8	99%
9	99%
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98	99%
99	99%
100	99%

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5 MR. KENNEDY: Mark this, please.

6 THE REPORTER: 803.

7 (Exhibit No. 803 was marked.)

8 MR. KENNEDY: I show you Exhibit 700.

9 (Exhibit No. 700 was marked.)

10 BY MR. KENNEDY:

11 Q. I show you Exhibit 700, which is  
12 -555948 to -950.

13 (Witness reviewing document.)

14 Q. You get an email from Elaine Thomet,  
15 August 26, '08. We're still talking about CVS, and  
16 it is -- you are copied on this email; are you not?

17 A. Yes, I am.

18 Q. And it says:

19 (Reading) Team, here's the recap from  
20 our meeting with Don this morning (end  
21 of reading).

22 And Don is you; right?

23 A. Yes.

24 Q. And it says:

[REDACTED]



A horizontal bar chart titled 'Who is responsible for the crisis in Ukraine?' showing the percentage of respondents who believe the current government is responsible. The chart is broken down by age group (18-29, 30-49, 50-69, 70+) and gender (Male, Female). The y-axis lists the age groups and genders, and the x-axis shows the percentage from 0% to 100%.

Age Group / Gender	Percentage (%)
18-29	85
30-49	90
50-69	88
70+	95
Male	60
Female	85
18-29	95
30-49	88
50-69	100
70+	85
Male	90
Female	95
18-29	100
30-49	95
50-69	90
70+	85
Male	95
Female	90
18-29	85
30-49	90
50-69	88
70+	95
Male	60
Female	85
18-29	95
30-49	88
50-69	100
70+	85
Male	90
Female	95
18-29	100
30-49	95
50-69	90
70+	85
Male	95
Female	90
18-29	85
30-49	90
50-69	88
70+	95
Male	60
Female	85
18-29	95
30-49	88
50-69	100
70+	85
Male	90
Female	95
18-29	100
30-49	95
50-69	90
70+	85
Male	95
Female	90

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[REDACTED]

[illegible]

A horizontal bar chart with 20 rows. Each row has a small square marker on the left and a corresponding horizontal bar. The bars vary in length and position, representing percentages. The bars are gray, and the background is white. The chart is enclosed in a black border.

Category	Percentage
1	85%
2	80%
3	82%
4	65%
5	60%
6	55%
7	50%
8	45%
9	40%
10	35%
11	30%
12	25%
13	20%
14	15%
15	10%
16	5%
17	5%
18	5%
19	5%
20	5%

A horizontal bar chart with 25 rows. Each row has a small square marker on the left and a corresponding horizontal bar. The bars vary in length and position, representing percentages. The categories are not explicitly labeled, but the bars represent data points for each category.

Category	Percentage
1	85%
2	95%
3	70%
4	80%
5	85%
6	75%
7	95%
8	85%
9	80%
10	85%
11	80%
12	90%
13	85%
14	80%
15	95%
16	85%
17	90%
18	85%
19	95%
20	85%
21	80%
22	85%
23	80%
24	85%
25	85%

[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

12 MR. KENNEDY: All right. Let's go forward,  
13 then, a couple months into this, in November of '08,  
14 and look at 701.

15 (Exhibit No. 701 was marked.)

16 BY MR. KENNEDY:

17 Q. I'm looking at the Elaine Thomet's  
18 email, November 12 of 2008, to you and others. But  
19 it's sent to you.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[illegible]



■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

10 BY MR. KENNEDY:

11 Q. And you don't know what Viper is;  
12 right?

13 A. I don't remember what Viper is.

14 Q. Did anybody ever know what Viper was?

15 A. I don't know.

16 Q. You don't know.

17 Would you be surprised to know that Viper is  
18 not a Controlled Substance Monitoring Program for any  
19 controlled substances that CVS purchased from  
20 McKesson?

21 MS. HENN: Objection to form. Lack --

22 BY MR. KENNEDY:

23 Q. Would that be surprising to you?

24 MS. HENN: Objection to form. Lacks  
25 foundation.



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

11 MR. KENNEDY: Let's go to Exhibit 702.

12 (Exhibit No. 702 was marked.)

13 MS. HENN: Thank you.

14 MR. KENNEDY: This is an email from Ned.

15 MS. URQUHART: Could we get the Bates  
16 number, please.

17 MR. KENNEDY: -627150 to -158.

18 Q. This is from Ned McKenna of McKesson;  
19 correct?

20 A. Yes.

21 Q. And it's being sent to CVS; correct?

22 A. Yes.

[REDACTED]

[REDACTED]

[REDACTED]

A horizontal bar chart with a light gray background. The y-axis lists five age groups: 18-29, 30-49, 50-69, 70+, and 'Don't know'. The x-axis represents percentages from 0 to 100, with major tick marks every 20 units. Each age group has a corresponding gray horizontal bar. The bars for 18-29, 30-49, and 50-69 extend past the 100% mark. The bar for 70+ ends exactly at 100%. The bar for 'Don't know' is significantly shorter, ending at approximately 25%.

Age Group	Percentage
18-29	115%
30-49	125%
50-69	110%
70+	100%
Don't know	25%

6 Q. Did you see this document, probably  
7 back in December of '08?

8           A.       I was copied on it. I don't -- I  
9   don't recall.

10 Q. Go to page -157. Do you see the "Go  
11 Forward Proposal" on page -157?

[illegible]



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[REDACTED]

A horizontal bar chart with 20 rows. Each row has a small square icon on the left and a corresponding horizontal bar. The bars vary in length, representing percentages. The categories are not explicitly labeled, but the bars represent data for each row.

Category	Percentage
1	85%
2	95%
3	60%
4	30%
5	75%
6	20%
7	10%
8	15%
9	90%
10	65%
11	95%
12	80%
13	85%
14	75%
15	75%
16	30%
17	80%
18	60%
19	85%
20	95%

■	[REDACTED]
■	[REDACTED]
■	[REDACTED]
■	■ [REDACTED] [REDACTED]
■	[REDACTED]
■	[REDACTED] [REDACTED]
■	[REDACTED] [REDACTED]
■	■ [REDACTED] [REDACTED]
■	[REDACTED]
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■	[REDACTED] [REDACTED]
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■	[REDACTED] [REDACTED]
■	[REDACTED]
■	■ [REDACTED]
■	[REDACTED]
■	■ [REDACTED]
■	[REDACTED] [REDACTED]
■	■ [REDACTED]
■	[REDACTED]



[REDACTED]

[REDACTED]

[REDACTED]

4 MR. KENNEDY: Let's look how that worked,  
5 all right? Give me 703, please.

6 (Exhibit No. 703 was marked.)

7 MR. KENNEDY: This is Exhibit 703, -535756  
8 to -901.

9 Q. I'm going to start with the bottom  
10 email. That's from Dave Gustin. All right?

11 A. Okay.

12 Q. And the subject is, "Hydrocodone  
13 Increase." We know what hydrocodone is, right, a  
14 controlled substance? Right?

15 A. Yes.

16 Q. And it says:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

23 What does that stand for?

24 A. I don't know.

25 Q. That's related to the hydrocodone;

1 right? So you're going to increase the hydrocodone

2 THD for WM. Is that Walmart?

3 A. I believe so.

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[REDACTED]

20 Now we're two years later with CVS; all right?

21 Exhibit 704.

22 (Exhibit No. 704 was marked.)

23 MR. KENNEDY: -512900 to -01 and then -02.

24 Q. If you will go to page -- the first  
25 page, -900, Exhibit 704, the bottom email. That's

1 from Rhonda Fargo, that bottom email?

2                    A.        The bottom of -900?

3 Q. Yes.

4 A. Yes.

5 Q. And now it's February of 2010, two  
6 years after the CSMP has been put into place. And  
7 she's sending an email to different directors in  
8 Regulatory Affairs; correct?

9 A. Yes.

10 Q. She says:

Age Group	Don't know	No	Yes	Probably yes	Probably no
18-24	10%	10%	30%	30%	20%
25-34	10%	10%	20%	30%	30%
35-44	10%	10%	20%	30%	30%
45-54	10%	10%	20%	30%	30%
55-64	30%	10%	10%	10%	40%





[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6 MS. HENN: Objection to form. Lacks  
7 foundation.

8 Counsel, we're over an hour. Take a five-,  
9 ten-minute break.

10 THE VIDEOGRAPHER: We are going off the  
11 record. The time is 3:51 p.m.

12 (Recess taken.)

13 THE VIDEOGRAPHER: We are back on the  
14 record. The time is 4:07 p.m.

15 MR. KENNEDY: I show you Exhibit 713, which  
16 is Bates -627066.

17 (Exhibit No. 713 was marked.)

18 BY MR. KENNEDY:

19 Q. Do you see that email? I just wanted  
20 to look at the last sentence in that email.

21 A. I see the email there.

22 Q. You're right. Do you see that  
23 last --

24 A. The last sentence at the bottom?

25 Q. Yes. Ned is from -- Ned is from

1 McKesson?

2 A. Ned is from McKesson.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



A 15x3 grid of gray squares of varying sizes, arranged in a pattern that suggests a stylized letter 'A' or a similar abstract shape. The squares are arranged in a way that creates a sense of depth and perspective, with some squares appearing larger and more prominent than others. The overall effect is a minimalist, geometric composition.

18 MR. KENNEDY: All right. And give me  
19 Exhibit 706, please.

20 (Exhibit No. 706 was marked.)

21 MR. KENNEDY: 706, Bates -620748 to -49.

22 Q. I want to look at the second email  
23 down from Ned McKenna to Brian Whalen. And you are  
24 copied. And this is August 6, 2010. All right?

25                    A.       Yes.

1 Q. And does that email -- and it's CVS  
2 Action Plans. That's the subject; true? Do you see  
3 that?

4 A. Yes.

5 Q. And it states:

[REDACTED]

[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

10 Q. This is 2010, two years after the  
11 original CSMP; is it not, sir?

12 A. Two years after we implemented.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

20 MR. KENNEDY: Let's look at the CVS program  
21 and where it led to; all right? Give me Exhibit 708,  
22 please.

23 (Exhibit No. 708 was marked.)

24 BY MR. KENNEDY:

25 Q. The metadata indicates that this is

1 from February 8 of 2010.

2 THE VIDEOGRAPHER: Sorry, sir. I think  
3 you're hitting the --

4 THE WITNESS: Oh, did it again.

5 BY MR. KENNEDY:

[illegible]

18 MR. KENNEDY: 710, Exhibit 710.

19 (Exhibit No. 710 was marked.)

20 MS. HENN: Are we done with 708?

21 MR. KENNEDY: Yes.

22 MS. HENN: Okay.

23 BY MR. KENNEDY:

24 Q. Do you see the email -- the email is  
25 from Tom McDonald, 2-8-2010; do you see that?

1           A.       And it's a CVS threshold discussion.

2 And does it say:

[illegible]

11 MR. KENNEDY: That's 2010. Let's go two  
12 years forward and look at CVS and see how the  
13 threshold system was working.

14 Let's go to 2012, Exhibit 709.

15 (Exhibit No. 709 was marked.)

16 BY MR. KENNEDY:

17 Q. This is from Tom McDonald. Tom  
18 McDonald, at this point in time, he was the Director  
19 of Regulatory Affairs and was responsible for CVS;  
20 was he not?

21 MS. HENN: Objection to form. Lacks  
22 foundation.

23 BY MR. KENNEDY:

24 Q. 2012.

25 A. I believe in 2012 Tom McDonald was --

1    oversaw CVS.

Government	Percentage
Current government	85%
Previous government	15%

\_\_\_\_\_

\_\_\_\_\_

Age Group	Percentage
18-24	10
25-34	35
35-44	25
45-54	15
55-64	10
65-74	5
75-84	2
85+	1

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Age Group	Percentage
18-24	10%
25-34	25%
35-44	35%
45-54	15%
55-64	10%
65-74	5%
75-84	5%
85+	5%

\_\_\_\_\_

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\_\_\_\_\_



[illegible]

Category	Percentage
1	100%
2	100%
3	100%
4	100%
5	100%
6	100%
7	100%
8	100%
9	100%
10	100%
11	100%
12	100%
13	100%
14	100%
15	100%
16	100%
17	100%
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91	100%
92	100%
93	100%
94	100%
95	100%
96	100%
97	100%
98	100%
99	100%
100	100%

23 Q. And oxycodone, sir, was at the center  
24 of the opioid crisis in this country by 2012; was it  
25 not?



[illegible]

[REDACTED]

18 Q. And, sir, the law says you stop  
19 shipping until you do your due diligence; isn't that  
20 what the law says?

21 MS. HENN: Objection to form. Lack of  
22 foundation.

23 BY MR. KENNEDY:

24 Q. Right?

25 A. No, that --

1 Q. This is 2012.

2 A. Can I finish, Counsel.

3 MS. HENN: Yes, you can.

4 BY MR. KENNEDY:

5 Q. My question is --

6 MS. HENN: Counsel, he would like to finish  
7 his answer.

8 MR. KENNEDY: I didn't finish my question.

9 Q. Isn't that the law in 2012, you don't  
10 ship if you have a concern?

11 MS. HENN: Mr. Walker, do you need the prior  
12 question back so you can answer?

13 MR. KENNEDY: It's the same question.

14 THE WITNESS: I think I can answer the  
15 question.

16 MS. HENN: Okay.

17 THE WITNESS: Counsel, there is no  
18 regulation to stop shipping controlled substances.  
19 The regulation requires that we report suspicious  
20 orders.

21 MR. KENNEDY: We're going to write this one  
22 down.

23 Q. How long has that been your view? In  
24 2007 -- let's start with 2007 -- was McKesson  
25 required to not ship until it did its due diligence

1 on potentially suspicious orders? Was that required  
2 in 2007?

3 MS. HENN: Objection to form.

4 BY MR. KENNEDY:

5 Q. Don't ship until we do our due  
6 diligence?

7 MS. HENN: Objection to form. Lack of  
8 foundation.

9 BY MR. KENNEDY:

10 Q. Was that required of McKesson in  
11 2007, do not ship until we do our due diligence?

12 MS. HENN: Same objection.

13 THE WITNESS: There is no regulatory  
14 requirement to not ship. There is a regulatory  
15 requirement to report.

16 BY MR. KENNEDY:

17 Q. All right. And did the DEA tell you  
18 in 2006 that you are required not to ship until you  
19 do your due diligence on a potentially suspicious  
20 order? Did they tell you that in '06 in a letter to  
21 McKesson?

22 MS. HENN: Objection to form. Lacks  
23 foundation.

24 BY MR. KENNEDY:

25 Q. Did they tell you that in '06 in a





This image shows a single sheet of white paper with horizontal blue or grey ruling lines. A vertical margin line is positioned on the left side, creating a narrow left margin. The paper appears to be a standard notebook page or a sheet of stationery. There are no markings, text, or drawings on the page.

25

MR. KENNEDY: I show you 707.

1 (Exhibit No. 707 was marked.)

2 BY MR. KENNEDY:

3 Q. A PowerPoint prepared by you?

4 MS. URQUHART: Could we get the Bates  
5 number, please?

6 MR. KENNEDY: Pardon me?

7 MS. URQUHART: Could we get the Bates  
8 number, please?

9 MR. KENNEDY: Just don't interrupt my  
10 question, and I will be right back with you,  
11 all right?

12 Q. 707, Exhibit 707, is a PowerPoint,  
13 "CVS - Regulatory PowerPoint"; is it not?

14 THE WITNESS: This is a -- appears to be a  
15 PowerPoint presentation from McKesson to CVS.

16 BY MR. KENNEDY:

17 Q. So my answer is, "Yes"? Is the  
18 answer to my question, "Yes"?

19 MS. HENN: Objection to form.

20 THE WITNESS: It's a McKesson PowerPoint.  
21 You asked if it was a CVS PowerPoint. It's a  
22 McKesson PowerPoint.

23 BY MR. KENNEDY:

24 Q. Does it say, "CVS - Regulatory  
25 Review"?

1 A. It's a CVS regulatory review.

2 Q. Prepared by you?

3 A. Yes.

4 Q. Bates No. -497980 to -89. This is  
5 March of 2012? Is that correct?

6 A. Yes, that's the date on the document.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Category	Percentage
U.S. should take action to address climate change	70%
U.S. should not take action to address climate change	30%

18 Q. And the DEA had been talking to you  
19 about this being important since 2006; right?

20 MS. HENN: Objection to form. Lack of  
21 foundation.

22 THE WITNESS: The DEA had identified  
23 prescribing doctors as an area of focus.

24 BY MR. KENNEDY:

\_\_\_\_\_

[illegible]

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[REDACTED]

Row	Bar Length (approx. %)
1	95
2	98
3	98
4	75
5	30
6	95
7	98
8	100
9	98
10	15
11	35
12	70
13	30
14	98
15	85
16	90
17	65
18	35
19	95
20	90
21	95
22	65
23	35
24	95
25	90

[REDACTED]

19 Q. And -- and the DEA had been telling  
20 you since 2006, this is important information to have  
21 to identify diversion; correct?

22 MS. HENN: Objection to form. Lacks  
23 foundation.

24 BY MR. KENNEDY:

25 Q. It's six years later.





[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

19 BY MR. KENNEDY:

20 Q. Let's switch topics. We will talk  
21 about sales, McKesson, sales and promotion as it  
22 related to the Controlled Substances Monitoring  
23 Program.

24 Can we agree that sales should have nothing  
25 to do with the Controlled Substances Monitoring

1 Program, should not have anything to do with it? Do  
2 you agree with that?

3 A. Can I clarify, Counsel. Are you  
4 referring to our sales force?

5 Q. Your sales force, your sales  
6 strategy, your sales goal should have nothing to do  
7 with your job as the head of Regulatory to monitor  
8 controlled substances?

9 MS. HENN: Objection to form. Compound.

10 THE WITNESS: I would not agree that our  
11 sales force should not be involved in the Controlled  
12 Substance Monitoring Program. I would agree that  
13 sales never influenced our decisions around our  
14 regulatory responsibilities.

15 BY MR. KENNEDY:

16 Q. Okay. Well, let's look at that.  
17 Let's look at that.

18 First of all, how many sales reps -- did you  
19 know how many national sales reps McKesson had,  
20 regional sales manager? Hundreds?

21 A. I'm going to -- it would be a guess  
22 that we had -- it would probably be less -- you know,  
23 150 or less. I really don't remember exactly.

24 Q. And the First Service -- the sales  
25 assistants, the First Service folks that were located

1 down in Texas, I think I've read there were a hundred  
2 sales assistants down in Texas; do you recall that?  
3 First Service.

4 MS. HENN: Objection. Objection to form.

5 THE WITNESS: Counsel, our -- it's called  
6 Service First.

7 MR. KENNEDY: I'm sorry.

8 THE WITNESS: Our Service First organization  
9 was not just a sales support organization. It was  
10 really a customer -- customer service call center.

11 BY MR. KENNEDY:

12 Q. You had the Regional Sales Managers.  
13 How many District sales folks above the -- above the  
14 Regional Sales Managers were there? If there's 100  
15 to 150 Sales Managers, how many District sales folks  
16 were above them?

17 MS. HENN: Objection to form. Lacks  
18 foundation.

19 THE WITNESS: I don't remember specifically  
20 how many there were.

21 BY MR. KENNEDY:

22 Q. How many marketing folks were there,  
23 people that had put together the marketing sales  
24 programs above the -- let's say the District Sales  
25 Manager? How many were those in that department,

1 let's say, nationally?

2 MS. HENN: Objection to form.

3 THE WITNESS: Our marketing group was not  
4 based in the field. We had a marketing group that  
5 was headquartered. I don't remember what the  
6 specific number of marketing people we had. I  
7 would -- I would estimate, and it would be a pure  
8 estimation, it was probably 35.

9 BY MR. KENNEDY:

10 Q. So you maybe have 150 Sales Managers  
11 across the country, and you've got District Sales  
12 Managers above them. McKesson has got 35 people  
13 working in marketing. Is that in San Francisco?  
14 Would that be here?

15 A. Yes. All the marketing at the time  
16 was at our headquarters in San Francisco.

17 Q. And you've got a hundred customer  
18 service reps sitting at a call center. They were  
19 down in Texas; right?

20 MS. HENN: Objection to form. Lacks  
21 foundation.

22 THE WITNESS: Our Service First organization  
23 was based in Texas, and we also had a satellite --  
24 and at that time I think we had a satellite in  
25 Phoenix that, again, I can't remember specifically

1     how many people were there.

2     BY MR. KENNEDY:

3                 Q.         And I'm -- I'm -- for what we've  
4     said, I'm counting up close to -- close to 300 people  
5     in marketing and sales at McKesson; would that be  
6     about right?

7                 MS. HENN:  Objection to form.  Lacks  
8     foundation.

9                 THE WITNESS:  Again, I'm concerned about  
10    guessing on the numbers.

11                MR. KENNEDY:  All right.

12                THE WITNESS:  But it's --

13    BY MR. KENNEDY:

14                Q.         Well, one thing you're not guessing  
15    on back in 2006 or '7, in Regulatory, watching  
16    opioids, there was three; right?  Three people?

17                MS. HENN:  Objection to form.  Lacks  
18    foundation.

19    BY MR. KENNEDY:

20                Q.         Three?

21                A.         That -- that's not accurate because  
22    our Field Operations Team, our Distribution Center  
23    Managers, and their second in command were also very  
24    heavily involved in regulatory compliance.

25                Q.         Five hours ago didn't we look at a

1 slide you presented to the DEA and said, prior to  
2 2008 our regulatory team had three people?

3 MS. HENN: Objection to form.

4 BY MR. KENNEDY:

5 Q. You, Mr. Hilliard, and another  
6 gentleman. Isn't that the representation to the DEA  
7 on the slide that we looked at six hours ago?

8 MS. HENN: Objection to form.  
9 Mischaracterizing the document.

10 THE WITNESS: What I was representing in  
11 that document was what our Regulatory Affairs staff  
12 group was. Again, we very strongly utilized our  
13 Field Operations Teams in terms of our regulatory  
14 compliance, and ensured that at a local level we had  
15 oversight.

16 BY MR. KENNEDY:

17 Q. Sir, McKesson paid a \$13 million fine  
18 in 2008; correct?

19 A. We paid -- as a result of the  
20 agreement, we paid a penalty of \$13 million.

21 Q. So the answer would be "Yes"; right?

22 MS. HENN: Objection to form. Asked and  
23 answered.

24 BY MR. KENNEDY:

25 Q. Would the answer be "Yes"?



1           A.       We paid the \$13 million penalty.

2 Q. The answer would be "Yes"; correct?

3 MS. HENN: Objection to form. Asked and  
4 answered.

5 BY MR. KENNEDY:

6 Q. It's a "yes" or "no." The answer  
7 would be, yes, you paid a \$13 million fine; true?

8           A.       We paid a \$13 million penalty.

9 Q. Okay. Maybe I -- would I be  
10 correct -- it's kind of a "yes" or "no." Simple.  
11 Would I be correct you paid a \$13 million penalty in  
12 2008?

13                   A.       That's correct.

14           Q.       Leading up to that, prior to 2008,  
15    you folks began to meet and discuss the creation of a  
16    new monitoring program; did you not?

17                    A.       Internally?

18 Q. Yes.

19                    A.       Yes.

Age Group	Percentage
18-24	10%
25-34	15%
35-44	25%
45-54	30%
55-64	15%
65-74	10%
75-84	5%
85+	5%

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



Category	Percentage
All respondents	80%
Men	80%
Women	80%
18-29	80%
30-49	80%
50-64	80%
65+	80%
White	80%
Black	80%
Hispanic	80%
Non-Hispanic Asian	80%
Non-Hispanic Pacific Islander	80%
Non-Hispanic Other	80%
Non-Hispanic American Indian or Alaska Native	80%
Non-Hispanic Native Hawaiian or Other Pacific Islander	80%
Non-Hispanic Two or more races	80%
Non-Hispanic Unspecified	80%

13 MR. KENNEDY: Give me 722, please.

14 (Exhibit No. 722 was marked.)

15 BY MR. KENNEDY:

16 Q. You have seen this document before;  
17 haven't you, sir?

18           A.       Give me a minute. I don't think  
19 I've -- certainly, if it's an email that I generated.  
20 But I don't remember having seen it.

21 Q. Bates No. -543914 to -16.

22                    A.        Okay.

23           Q.       Go to the last page, -916, because  
24   this is where this exchange begins.

25           Okay. You see the email from Gary Hilliard?

1 And this is October 23, 2006. This is during the  
2 period when you're trying to put together your  
3 monitoring program; correct?

4 A. Yes, this would be during the time  
5 frame we were creating the IT development for --

6 Q. And Gary Hilliard --

7 MS. HENN: Did you finish your answer, sir?

8 THE WITNESS: The IT development program for  
9 the CSMP.

10 MS. HENN: Thank you.

11 BY MR. KENNEDY:

12 Q. Gary Hilliard, at that point he is  
13 the Director of Regulatory Affairs; right?

14 A. I believe Gary's title at the time  
15 was Regulatory. He's on the Regulatory staff, and I  
16 believe that title is correct.

17 Q. He states in this email -- do you  
18 know Sharon Mackarness? Who that is?

19 A. I'm familiar with the name. Sharon  
20 Mackarness was one of our -- the McKesson I.T.  
21 associates who was responsible for pieces of  
22 development and interface with CSMP.

23 Q. This is a year-and-a-half before your  
24 monitoring program goes into place; true?

25 MS. HENN: Objection to form.

1 Mischaracterizes the evidence.

2 THE WITNESS: October 2006. We implemented  
3 in the spring of 2008. So roughly that time frame.

4 BY MR. KENNEDY:

5 Q. It states:

Age Group	All respondents	18-24	25-34	35-44	45+
18-24	10%	10%	10%	10%	10%
25-34	15%	15%	15%	15%	15%
35-44	20%	20%	20%	20%	20%
45+	25%	25%	25%	25%	25%
55+	30%	30%	30%	30%	30%
65+	35%	35%	35%	35%	35%
75+	40%	40%	40%	40%	40%
85+	45%	45%	45%	45%	45%
95+	50%	50%	50%	50%	50%
105+	55%	55%	55%	55%	55%
115+	60%	60%	60%	60%	60%
125+	65%	65%	65%	65%	65%
135+	70%	70%	70%	70%	70%
145+	75%	75%	75%	75%	75%
155+	80%	80%	80%	80%	80%
165+	85%	85%	85%	85%	85%
175+	90%	90%	90%	90%	90%
185+	95%	95%	95%	95%	95%
195+	100%	100%	100%	100%	100%

12 MS. HENN: Objection to form.

13 BY MR. KENNEDY:

14 Q. That's basically what she's saying?  
15 She's responding, and she's asking some I.T.  
16 questions about the establishment of the program?

17 A. It appears that she is asking  
18 questions to get the information she needs for system  
19 design.

20 Q. And she is -- again, she's  
21 referencing a meeting that occurred that morning,  
22 October 26, 2006; right?

23 A. Yes.

24 Q. And go to the earlier page, -15. The  
25 same day Sharon McGinnis -- Mackarness, excuse me,

1 from I.T. at McKesson, she writes an email to Gary  
2 Hilliard; correct?

3            A.        At the bottom of the page, yes.

4 Q. And she copies two other folks.

5 VanderWerf; correct?

6 A. Yes.

7 Q. And she says, "Gary," right? Gary?

8 A. Yes.

9 Q. In the second paragraph she says,  
10 "JD," and that's probably referencing Jean-Dou up  
11 ahead? Up above, JD?

12                    A.       Yes.

13 Q. Do you know JD, who he was?

14           A.       Another I.T. individual.

The diagram consists of 12 horizontal gray bars of different lengths and vertical positions, stacked vertically. The bars are as follows (from top to bottom):

- Bar 1: A short bar on the left side.
- Bar 2: A medium bar on the left side.
- Bar 3: A long bar spanning most of the width.
- Bar 4: A long bar spanning almost the entire width.
- Bar 5: A short bar on the left side.
- Bar 6: A short bar on the left side.
- Bar 7: A short bar on the left side.
- Bar 8: A short bar on the left side.
- Bar 9: A long bar spanning most of the width.
- Bar 10: A medium bar on the left side.
- Bar 11: A medium bar on the left side.
- Bar 12: A long bar spanning almost the entire width.

[illegible]



[illegible]

Highly Confidential - Subject to Further Confidentiality Review

■	[REDACTED]
■	■ [REDACTED] [REDACTED]
■	[REDACTED]
■	[REDACTED]
■	[REDACTED] [REDACTED]
■	[REDACTED]
■	[REDACTED]
■	[REDACTED]
■	[REDACTED]
■	[REDACTED]
■	■ [REDACTED] [REDACTED]
■	[REDACTED]
■	■ [REDACTED]
■	■ [REDACTED]
■	[REDACTED]
■	■ [REDACTED]
■	[REDACTED]
■	[REDACTED]
■	■ [REDACTED] [REDACTED] [REDACTED]
■	[REDACTED]
■	[REDACTED]
■	■ [REDACTED]
■	[REDACTED]
■	■ [REDACTED]
■	[REDACTED]
■	[REDACTED]
■	■ [REDACTED]
■	[REDACTED]
■	■ [REDACTED]
■	[REDACTED]
■	[REDACTED]
■	[REDACTED]

Row	Bar Start (%)	Bar End (%)
1	0	100
2	0	75
3	0	100
4	0	90
5	0	25
6	0	95
7	0	50
8	0	20
9	25	100
10	0	85
11	0	90
12	25	100
13	0	55
14	25	40
15	25	75
16	25	40
17	25	90
18	0	85
19	0	85
20	0	20
21	0	35
22	25	100
23	0	85
24	0	100
25	0	95
26	0	60

23 MS. HENN: Objection to form. Lacks

24 foundation.

25     ///

1 BY MR. KENNEDY:

2 Q. Isn't that true, sir?

3 A. I'm not sure I understand the  
4 question as asked.

5 Q. Well, we will go through some detail,  
6 then.

7 First of all, you knew and understood that  
8 the salespeople at McKesson were paid on commission;  
9 did you not?

10 A. Our sales force was -- has a  
11 portion -- my understanding is a portion of their  
12 compensation, there was variable compensation  
13 associated with various programs.

14 Q. The more they sold, the more money  
15 they made, very simple; isn't that true?

16 MS. HENN: Objection to form. Lacks  
17 foundation.

18 THE WITNESS: To my knowledge, that's not  
19 accurate. It wasn't -- it's not that simple of a  
20 calculation or process.

21 BY MR. KENNEDY:

22 Q. In fact, didn't you know and  
23 understand that a salesperson could double, could  
24 double their annual income based upon sales?

25 A. I don't have any specific knowledge

1 on what the percentages or the proportions were.

■ ■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

17 BY MR. KENNEDY:

18 Q. All right. Salespeople also got paid  
19 if they brought in a new pharmacy, a new customer  
20 into McKesson; didn't they? They also got paid if  
21 they did that; true?

22 MS. HENN: Objection to form. Lacks  
23 foundation.

24 THE WITNESS: Again, I don't have any  
25 specific knowledge of what they were paid. But I

1 believe there was compensation associated with new  
2 business.

3 BY MR. KENNEDY:

4 Q. And, sir, before McKesson -- under  
5 their 2008 program, before McKesson would sell  
6 opioids to a pharmacy, they went through an  
7 on-boarding process; did they not?

8 A. Yes.

[REDACTED]

[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7 Q. And McKesson knew and you knew and  
8 the salespeople knew that if we bring in a new  
9 customer, number one, I'm going to get a bonus as a  
10 salesperson for bringing in a new customer, and,  
11 number two, my sales are going to increase if I get a  
12 new customer, and I'm going to make more money; you  
13 all knew that, right?

14 MS. HENN: Objection to form.

15 BY MR. KENNEDY:

16 Q. You knew that?

17 A. Again, I think that's oversimplifying  
18 the sales force compensation.

19 Q. Now, also built right into your  
20 program for the salespeople, you told us -- we've

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83																	

[illegible]

[illegible]

A horizontal bar chart with 20 rows. Each row consists of a small gray square on the left and a gray bar of varying length extending to the right. The bars represent different lengths, with some being very short and others nearly spanning the width of the chart area.

19 MR. KENNEDY: Let's look at Exhibit 730.

20 I'm going to withdraw that exhibit. Give me  
21 732, please.

22 (Exhibit No. 732 was marked.)

23 BY MR. KENNEDY:

24 Q. Do you see this email? This is from  
25 you dated 9-17-13; do you see that?

1 A. Yes.

2 Q. And the next page says, "Controlled  
3 Substances Regulatory Org Structure." Do you see  
4 that?

5                      A.        Yes.

6 Q. This is created by you?

7 A. Yes.

8 Q. And this is 2013. And if you go to  
9 page -500. Do you see that? Look at the second  
10 bullet point. Do you see that second bullet point?

11                    A.       Yes.

12 Q. In 2013 you write:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Response	Percentage
Yes	65%
No	35%
Don't know	0%

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8 BY MR. KENNEDY:

9 Q. And, sir, over and above these  
10 salespeople that we're talking about, you had -- you  
11 had marketing people at McKesson; did you not? We  
12 have talked about them.

13 MS. HENN: Objection to forms. Lacks  
14 foundation.

15 BY MR. KENNEDY:

16 Q. There were marketing people at  
17 McKesson; were there not?

18 A. Yes, there was a marketing  
19 department.

20 Q. And while you were trying to control  
21 the flow of opioids into the communities and the  
22 pharmacy, the marketing people were trying to sell  
23 more opioids; were they not?

24 MS. HENN: Objection to form. Lacks  
25 foundation.

1 THE WITNESS: No, that's not accurate.

2 MR. KENNEDY: 720.

3 (Exhibit No. 720 was marked.)

4 BY MR. KENNEDY:

5 Q. The first email in time is number one  
6 at the bottom. That's where it starts in time.  
7 -543462 to -63.

8           This is an email from Scott Mooney, and this  
9    is to you, January 16 of 2008, importance high.  It  
10   states:

[illegible]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

11 Q. Now I want to go to two months later.

12 Tell the jury what fentanyl is?

13 A. Fentanyl is a Schedule 2 narcotic.

14 Q. And is it the most powerful,

15 dangerous of all the narcotics you sell?

16 MS. HENN: Objection to form. Lacks

17 foundation.

18 BY MR. KENNEDY:

19 Q. Is that true, sir?

20 A. I do not know. I know it's a very

21 powerful pain control narcotic.

22 MR. KENNEDY: 714.

23 (Exhibit No. 714 was marked.)

24 BY MR. KENNEDY:

25 Q. There's an email down at the bottom.

1 Kenneth Ball. And this is two years after you're  
2 saying we've got to discuss promos. And he states:

[illegible]



■ [REDACTED]

■ [REDACTED] ■ [REDACTED]

3 Q. Let's look to 2012, two years later,  
4 two years after that 7-19.

5 A. Again, Counsel, we would not have  
6 changed any thresholds on any of our customers in  
7 support of any promotions.

8 Q. Mr. Walker, you got fined  
9 \$150 million in 2018 for changing thresholds; didn't  
10 you?

11 MS. HENN: Objection to form. Lacks  
12 foundation.

13 BY MR. KENNEDY:

14 Q. Is that true? Did you get fined  
15 \$150 million in 2018, McKesson?

16 A. I wasn't with McKesson at the time.  
17 I understand that McKesson paid \$150 million.

18 (Exhibit No. 719 was marked.)

19 BY MR. KENNEDY:

20 Q. Let's go to 719. We're still on

■ [REDACTED] [REDACTED]

■ [REDACTED] [REDACTED] [REDACTED]

■ [REDACTED] [REDACTED] [REDACTED]

■ [REDACTED]

■ [REDACTED] [REDACTED]

[illegible]



1                   THE VIDEOGRAPHER:  I think it is ten minutes  
2   left.

3 MS. HENN: Okay.

4 (Exhibit No. 721 was marked.)

5 BY MR. KENNEDY:

6 Q. Let's go to the next. It's 2013.

The diagram consists of a vertical list of 20 items on the left, each represented by a small gray square. To the right of each item is a horizontal gray bar of varying length. The bars are arranged in a staggered, cascading fashion, with some items having multiple bars. The bars are gray and the background is white.

1	1	1	1
2	2	2	2
3	3	3	3
4	4	4	4
5	5	5	5
6	6	6	6
7	7	7	7
8	8	8	8
9	9	9	9
10	10	10	10
11	11	11	11
12	12	12	12
13	13	13	13
14	14	14	14
15	15	15	15
16	16	16	16
17	17	17	17
18	18	18	18
19	19	19	19
20	20	20	20
21	21	21	21
22	22	22	22
23	23	23	23
24	24	24	24
25	25	25	25
26	26	26	26
27	27	27	27
28	28	28	28
29	29	29	29
30	30	30	30
31	31	31	31
32	32	32	32
33	33	33	33
34	34	34	34
35	35	35	35
36	36	36	36
37	37	37	37
38	38	38	38
39	39	39	39
40	40	40	40
41	41	41	41
42	42	42	42
43	43	43	43
44	44	44	44
45	45	45	45
46	46	46	46
47	47	47	47
48	48	48	48
49	49	49	49
50	50	50	50
51	51	51	51
52	52	52	52
53	53	53	53
54	54	54	54
55	55	55	55
56	56	56	56
57	57	57	57
58	58	58	58
59	59	59	59
60	60	60	60
61	61	61	61
62	62	62	62
63	63	63	63
64	64	64	64
65	65	65	65
66	66	66	66
67	67	67	67
68	68	68	68
69	69	69	69
70	70	70	70
71	71	71	71
72	72	72	72
73	73	73	73
74	74	74	74
75	75	75	75
76	76	76	76
77	77	77	77
78	78	78	78
79	79	79	79
80	80	80	80
81	81	81	81
82	82	82	82
83	83	83	83
84	84	84	84
85	85	85	85
86	86	86	86
87	87	87	87
88	88	88	88
89	89	89	89
90	90	90	90
91	91	91	91
92	92	92	92
93	93	93	93
94	94	94	94
95	95	95	95
96	96	96	96
97	97	97	97
98	98	98	98
99	99	99	99
100	100	100	100



[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5 Q. Do you know how many people  
6 hydrocodone was killing a year at the time of this --  
7 of this promotion in 2013? Do you know that?

8 A. No, I don't have any specific  
9 information on that.

10 MR. KENNEDY: Let's look at 718. We are  
11 still in 2013.

12 (Exhibit No. 718 was marked.)

13 BY MR. KENNEDY:

14 Q. This is Exhibit 718, -546932 to -34.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

A horizontal bar chart with 25 rows. Each row consists of a small gray square on the left and a gray bar of varying length. The bars are arranged in a pattern that suggests a sequence or hierarchy, with some bars starting at different horizontal positions. The bars are gray and the background is white.

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[REDACTED]

■ [REDACTED]  
■ [REDACTED]  
■ [REDACTED]

4 BY MR. KENNEDY:

5 Q. And, sir, when you say you are not  
6 going to change thresholds without justification, let  
7 me ask you very clearly, isn't it true that McKesson  
8 got fined \$150 million in a 2018 agreement based upon  
9 conduct, increasing thresholds without  
10 documentations, during this very time period, 2012,  
11 2013, 2014?

12 MS. HENN: Objection to form. Lacks  
13 foundation.

14 BY MR. KENNEDY:

15 Q. Do you recall that?

16 A. Counsel, as I -- as I answered, the  
17 agreement or document of 2014 or '15, whatever it  
18 was, I was not with the company. I have no specific  
19 knowledge of the settlement.

20 I do know that McKesson paid 150. I do not  
21 understand or have reviewed the details of that  
22 settlement.

23 MS. HENN: Counsel, I think we're about at  
24 time, if you want to ask your last question.

25 MR. KENNEDY: All done.

1 MS. HENN: Great. So I guess we will go off  
2 the record.

3 THE VIDEOGRAPHER: We are going off the  
4 record. The time is 5:34 p.m.

5 (Recess taken.)

6 THE VIDEOGRAPHER: We are back on the  
7 record. The time is 5:54 p.m.

8 EXAMINATION

9 BY MS. HENN:

10 Q. Good evening, Mr. Walker.

11 A. Good evening.

12 Q. Mr. Walker, you testified earlier  
13 today that you joined McKesson in 1987; is that  
14 correct?

15 A. That is correct.

16 Q. Before joining McKesson, where did  
17 you work?

18 A. Prior to -- immediately prior to  
19 working for McKesson, I worked for a grocery  
20 wholesale distributor, a trucking company. And then  
21 prior to that, I spent ten years in law enforcement.

22 Q. What roles did you play in law  
23 enforcement?

24 A. I was a city police officer in a city  
25 in the East Bay of San Francisco.

1 Q. Back to your time at McKesson. Could  
2 you describe for the jury the various positions you  
3 held at McKesson beginning in 1987.

4 A. 1987 I joined the company with a  
5 subsidiary company in the transportation group,  
6 transportation and warehousing. And that company  
7 transitioned to the McKesson Drug Company in roughly  
8 1991. Was in a staff role for a short period of  
9 time, a staff role in transportation.

10 Then I became the Distribution Center  
11 Manager in Sacramento, promoted to the Vice President  
12 of Distribution Operations for the Western Region.  
13 It was a newly-created position.

14 And subsequently, in roughly 1996, I was  
15 promoted to the Senior Vice President of Distribution  
16 for McKesson Pharmaceutical.

17 Q. And when did you become Senior Vice  
18 President of Distribution for McKesson  
19 Pharmaceutical?

20 A. It was 1996. I don't remember  
21 exactly when in '96.

22 Q. And that was also the position you  
23 held when you retired from McKesson; is that correct?

24 A. Yes, it was.

25 Q. When did you retire?

1                   A.           June of 2015.

2                   Q.           You've mentioned today that your  
3   former employer, McKesson, is a wholesale distributor  
4   of pharmaceuticals. Can you describe how that  
5   business operates at a high level?

6                   A.           At a high level, McKesson, as the  
7   other major distributors operate, we purchase  
8   pharmaceuticals and medicines from the manufacturers.  
9   We virtually warehoused all of the various  
10   medications of manufacturers in our warehouses.

11                   And on a daily basis, we supplied those  
12   pharmaceuticals to pharmacies. And the major groups  
13   of pharmacies that we had were -- are independent  
14   pharmacies, single owner; or generally our retail  
15   national account customers, which were the large  
16   chains, like Rite Aid, and CVS and Walmart; our  
17   hospital group; and then the federal government.

18                   Q.           And briefly, what were your job  
19   responsibilities as Senior Vice President of  
20   distribution operations at McKesson?

21                   A.           I was the senior staff operations  
22   person for McKesson. I had the overall  
23   responsibility for the distribution network.

24                   On my staff I had a support team made up of  
25   a Transportation Group, an I.T. Support Group, our



1 Regulatory Affairs Group was in there, and I had a  
2 group that was responsible for construction and  
3 building of our distribution centers.

4 Q. You mentioned Regulatory Affairs.  
5 What kind of regulatory affairs matters were you  
6 responsible for as Senior Vice President of  
7 operations -- distribution operations, I should say?

8           A.       McKesson, and the wholesalers as an  
9   industry, are highly regulated. We have  
10 responsibilities for a number of regulatory  
11 requirements. The FAA, the Department of  
12 Transportation, DOT, OSHA. We had hazardous material  
13 requirements. Certainly we had responsibility for  
14 compliance with DEA regulations. And various state  
15 and local regulations as well.

Row	Start	End
1	0	100
2	0	70
3	25	95
4	0	85
5	0	100
6	0	95
7	0	95
8	0	25
9	25	95
10	0	100

A horizontal bar chart titled 'Who is responsible for the economic crisis in the United States?' comparing responses for 'Current government' and 'Previous government'. The y-axis lists 25 demographic groups. The x-axis shows percentages from 0 to 100. The 'Current government' bars are dark blue, and the 'Previous government' bars are light blue. The data is as follows:

Group	Current government (%)	Previous government (%)
All respondents	80	20
White	80	20
Black	80	20
Hispanic	80	20
Asian	80	20
Native American	80	20
Married	80	20
Single	80	20
Divorced	80	20
Widowed	80	20
Under 18	80	20
18-29	80	20
30-49	80	20
50-64	80	20
65+	80	20
Male	80	20
Female	80	20
High school or less	80	20
Some college	80	20
Bachelor's degree	80	20
Master's degree	80	20
PhD	80	20
Never married	80	20
Married	80	20
Divorced	80	20
Widowed	80	20
Never employed	80	20
Employed	80	20
Unemployed	80	20

[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

9 Q. And you described earlier to  
10 Mr. Kennedy that you had a five-year period, I think  
11 it was, when you ran McKesson's Six Sigma program; is  
12 that correct?

13 A. That's correct. Roughly, in 2000 to  
14 2005 I was not the Senior Vice President of  
15 Operations, Distribution Operations, and did not have  
16 responsibility for Regulatory during that time frame,  
17 but was responsible for our Six Sigma process  
18 improvement.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

A horizontal bar chart with 20 rows. Each row has a small square icon on the left and a gray bar representing a percentage. The bars vary in length and position, with some starting at the left margin and others being indented. The lengths represent percentages from approximately 10% to 90%.

Category	Percentage
1	85%
2	65%
3	80%
4	95%
5	85%
6	55%
7	90%
8	90%
9	88%
10	85%
11	88%
12	25%
13	82%
14	78%
15	45%
16	92%
17	72%
18	50%
19	88%
20	90%

[illegible]

[illegible]

[illegible]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

13 MS. HENN: I'd like to show you an exhibit.

14 Let's get this marked as 84.

15 THE REPORTER: 804.

16 MS. HENN: 804. Thank you.

17 (Exhibit No. 804 was marked.)

18 BY MS. HENN:

19 Q. Mr. Walker, the court reporter handed  
20 you an Exhibit No. -- that's been marked 804. The  
21 Bates number is -571361 through -65.

22 MR. KENNEDY: Counsel, 804, is this a  
23 defense exhibit?

24 MS. HENN: It is.

25 MR. KENNEDY: Okay. Defense Exhibit 804.

1 THE REPORTER: I just continued, if that's  
2 okay, on the sequence.

3 MR. KENNEDY: Oh, okay.

4 BY MS. HENN:

5                   Q.       Mr. Walker, do you recognize  
6   Exhibit 804?

7 A. Yes, I do.

8 Q. What is Exhibit 804?

Age Group	Don't know	No	Yes	Probably yes	Probably no
18-24	25%	10%	10%	10%	10%
25-34	20%	10%	10%	10%	10%
35-44	15%	10%	10%	10%	10%
45-54	10%	10%	10%	10%	10%
55-64	10%	10%	10%	10%	10%
65-74	10%	10%	10%	10%	10%
75+	10%	10%	10%	10%	10%

[illegible]

Category	Percentage
Total	78%
By Education Level	
High school diploma or less	65%
Some college	72%
Bachelor's degree	78%
Master's degree	82%
Graduate degree	85%

[illegible]

1	1	1	1
2	1	1	1
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95	1	1	1
96	1	1	1
97	1	1	1
98	1	1	1
99	1	1	1
100	1	1	1

[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

20                   Q.       Mr. Kennedy had a lot of questions  
21   for you earlier today about a 2008 Settlement  
22   Agreement between McKesson and the DEA. Do you  
23   recall those questions?

24                   A.       Yes.

[REDACTED]



█ [REDACTED]  
█ [REDACTED] █  
█ [REDACTED]  
█ █ [REDACTED]

5 Q. Did the 2008 Settlement Agreement  
6 have provisions in it about what was to replace the  
7 DU45 reporting?

8 A. Specifically in the Settlement  
9 Agreement, it was agreed that there would be a  
10 significant change in suspicious order reporting.  
11 That at an agreed-upon time, we would cease providing  
12 them a -- the DU45 suspicious order reporting, and we  
13 would replace it with a format that was mutually  
14 agreed upon between the two parties.

15 And probably the most significant change was  
16 that we would no longer report suspicious orders to  
17 field offices, as stated in the regulation because,  
18 in fact, that we would be reporting directly to DEA  
19 headquarters. And from that, we recognized that  
20 there would be a mutual effort from the two I.T.  
21 groups, being DEA and McKesson, to develop the  
22 system's interface to execute the suspicious order  
23 reporting.

24 MS. HENN: I'd like to mark as Exhibit 805,  
25 Defense Exhibit 805, a copy of the Settlement and

1 Release Agreement from 2008.

2 (Exhibit No. 805 was marked.)

3 BY MS. HENN:

4 Q. Mr. Walker, do you recognize  
5 Exhibit 805? The Bates number is -516360.

6 A. Yes, I do.

7 Q. Were you involved -- or let me just  
8 ask you, what was your involvement in the process  
9 that led to this 2008 Settlement Agreement with the  
10 DEA?

11 MR. KENNEDY: Okay. Just to interrupt.  
12 This has already been marked, do you understand? So  
13 you have -- this exhibit will be marked twice?

14 MS. HENN: I'm not sure it's the same Bates  
15 numbered version, but --

16 MR. KENNEDY: All right.

17 MS. HENN: -- that's fine.

18 Q. Did you want me to repeat the  
19 question?

20 A. No. I think I remember your  
21 question.

22 Q. Okay.

23 A. My -- my role in the overall  
24 Settlement Agreement was to provide feedback to  
25 counsel, who was interacting with DEA counsel, and to

1 primarily focus on operationalizing the commitments  
2 that we were negotiating, making in the -- in the  
3 agreement.

4 Q. And in the agreement you mentioned  
5 there were provisions dealing with suspicious order  
6 reporting. Could you point us to those provisions  
7 that you were referring to?

8 A. Well, the first is -- is under "Terms  
9 and Conditions" on page 3, 1(a), Obligations of  
10 McKesson to -- Obligations of McKesson. And (a) --  
11 do you want me to read this, Counsel, or --

12 Q. Yes, please.

13 A. (Reading) McKesson agrees to  
14 maintain a compliance program designed  
15 to detect and prevent diversion of  
16 controlled substances as required  
17 under the CSA and applicable DEA  
18 regulations. This program shall  
19 include procedures for -- to review  
20 orders for controlled substances.  
21 Orders that exceed established  
22 thresholds and criteria will be  
23 reviewed by a McKesson employee  
24 trained to detect suspicious orders  
25 for the purposes of determining

1                   whether such orders should not be  
2                   filled and reported to the DEA or,  
3                   based on a detailed review, the order  
4                   is for a legitimate purpose and the  
5                   controlled substances are not likely  
6                   to be diverted into other than  
7                   legitimate medical, scientific, and  
8                   industrial channels. Orders  
9                   identified as suspicious will be  
10                  reported to the DEA as discussed in  
11                  subsection II (end of reading).

12                 Do you want me to continue?

13                 This compliance program shall apply --

14                 Q.           Actually, Mr. Walker, I would like to  
15                 stick on the subject of suspicious orders. So let's  
16                 continue to that cross-reference.

17                 A.           Okay. II.1(c). II.1(c):  
18                         (Reading) McKesson shall inform DEA of  
19                         suspicious orders as required by 21  
20                         C.F.R in a format mutually and  
21                         responsibly agreed upon by the  
22                         parties, except that contrary to DEA  
23                         regulations, McKesson shall inform DEA  
24                         headquarters rather than the local  
25                         field office of suspicious orders,

1 unless and until advised otherwise in  
2 writing by DEA headquarters. DEA  
3 agrees to notify all of the DEA Field  
4 Offices within 30 days of the  
5 effective date of this agreement that  
6 McKesson will no longer be required to  
7 provide suspicious order reports or  
8 any other types of reports regarding  
9 excessive purchases or controlled  
10 substances to the DEA Field Offices,  
11 and that this agreement shall  
12 supersede any DEA regulatory  
13 requirements to report suspicious  
14 orders to DEA (end of reading).

█ [REDACTED]

2                   You have described the Lifestyle Drug  
3   Monitoring Program. Earlier today Mr. Kennedy asked  
4   you a lot of questions about the next program that  
5   McKesson developed. That was called what?

6                   A.       The Controlled Substance Monitoring  
7   Program, or CSMP.

█                   █       [REDACTED]

█ [REDACTED]

█ [REDACTED]

█                   █       [REDACTED]

█ [REDACTED] [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED] [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED] [REDACTED]

█ [REDACTED]

█ [REDACTED]

[illegible]

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[REDACTED]



■ [REDACTED]

■ [REDACTED]

3 MS. HENN: Let's mark another exhibit,

4 No. -- Defense Exhibit 806.

5 (Exhibit No. 806 was marked.)

6 BY MS. HENN:

7 Q. Mr. Walker, you've been handed

8 Defense Exhibit 806, which is Bates

9 No. McKesson-WVA-167.

10 Do you recognize this document?

11 A. Yes, I do.

12 Q. What is this?

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

3 MS. HENN: Let's take a look at another  
4 exhibit, which I will mark -- ask the court reporter  
5 to mark as 807, Defense Exhibit 807.

6 (Exhibit No. 807 was marked.)

7 BY MS. HENN:

8 Q. Mr. Walker, you've been handed  
9 Defense Exhibit 807, which is a Bates No. MCK-WVA-88.

10 Do you recognize this document?

11 A. Yes, I do.

12 Q. What is it?

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[illegible]

[illegible]

24 MS. HENN: I'd like to mark another exhibit,  
25 ask the court reporter to mark this as Defense

1 Exhibit 808, please.

2 (Exhibit No. 808 was marked.)

3 BY MS. HENN:

Age Group	Percentage
18-24	10%
25-34	15%
35-44	25%
45-54	30%
55-64	15%
65-74	10%
75-84	5%
85+	5%

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Government	Percentage
Current government	85%
Previous government	15%

Age Group	Percentage
18-24	10%
25-34	15%
35-44	20%
45-54	25%
55-64	20%
65-74	15%
75-84	10%
85+	5%

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Age Group	Percentage
18-24	10%
25-34	15%
35-44	20%
45-54	25%
55-64	30%
65-74	35%
75-84	40%
85+	45%

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[REDACTED]

1	2	3
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16	17	18
19	20	21
22	23	24
25	26	27
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34	35	36
37	38	39
40	41	42
43	44	45
46	47	48
49	50	51
52	53	54
55	56	57
58	59	60
61	62	63
64	65	66
67	68	69
70	71	72
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91	92	93
94	95	96
97	98	99
100	101	102

[illegible]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6 MS. HENN: Let's take a look at another  
7 exhibit. This is internal No. 6. And I'm going to  
8 have the court reporter mark this one as Defense  
9 Exhibit 80?

10 THE REPORTER: 809.

11 (Exhibit No. 809 was marked.)

12 BY MS. HENN:

13 Q. Mr. Walker, you've been handed a  
14 document marked Defense Exhibit 809, Bates  
15 No. MCK-WVA-163.

16 Do you recognize Exhibit 809?

17 A. Yes, I do.

18 Q. What is it?

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

9 Q. Who is Maureen O'Keefe?

10 A. I don't -- she's staff coordinator,  
11 according to the memo from Kyle. She was on the  
12 diversion staff.

13 MS. HENN: Okay. And let's mark another  
14 exhibit. This will be -- I will ask that this be  
15 marked Defense Exhibit 810, please.

16 (Exhibit No. 810 was marked.)

17 BY MS. HENN:

18 Q. You've been handed Defense  
19 Exhibit 810 Bates No. MCK-WVA-187.

20 Do you recognize this document, Mr. Walker?

21 A. Yes, I do.

22 Q. What is it?

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

11 MS. HENN: I will show you one more example.

12 We will mark this exhibit as Defense Exhibit 811,  
13 please.

14 (Exhibit No. 811 was marked.)

15 BY MS. HENN:

16 Q. Mr. Walker, you've been handed  
17 Defense Exhibit 811. And I don't think we have a  
18 Bates number, but I will try to find out what that  
19 is. Oh, actually, I know what it is, but it's not  
20 appearing on the document. The Bates number is  
21 -534479.

22 Mr. Walker, do you recognize Exhibit 811?

23 A. Yes, I do.

24 Q. What is it?

[REDACTED]

[REDACTED]

20 MS. HENN: Okay. I'd like to mark this  
21 exhibit as 812, Defense Exhibit 812, please. But  
22 Counsel, a similar document was marked, but this is  
23 different, a different version.

24 (Exhibit No. 812 was marked.)

25 ///

1 BY MS. HENN:

2 Q. Mr. Walker, you've been handed  
3 Defense Exhibit 812. And the Bates number, again, is  
4 not appearing on the document you have, but it's  
5 -542494. Or maybe it is on yours, not on mine.

6 A. I got it.

7 Q. What is Exhibit 812, if you recognize  
8 it?

[REDACTED]

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[REDACTED]

A horizontal bar chart with 20 rows. Each row has a small square marker on the left and a corresponding horizontal bar. The bars vary in length and position, representing percentages. The bars are gray, and the background is white. The chart is enclosed in a black border.

Category	Percentage
1	85%
2	65%
3	92%
4	100%
5	90%
6	95%
7	88%
8	62%
9	75%
10	90%
11	85%
12	92%
13	80%
14	90%
15	25%
16	88%
17	55%
18	90%
19	20%
20	82%
21	100%
22	92%
23	90%
24	25%
25	85%

Category	Percentage
Total	68%
By Education Level	
High school diploma or less	55%
Some college	62%
Bachelor's degree	68%
Master's degree	72%
Graduate degree	78%



A horizontal bar chart with 25 rows. Each row consists of a small square marker on the left and a horizontal bar of varying length extending to the right. The bars represent percentages of respondents for different categories. The lengths of the bars vary significantly, with some being very short and others nearly spanning the width of the chart area. The bars are arranged in a somewhat irregular pattern, with some rows having gaps between the marker and the bar.

Category	Percentage (%)
1	85
2	90
3	95
4	35
5	85
6	80
7	25
8	75
9	95
10	45
11	75
12	80
13	90
14	95
15	80
16	90
17	85
18	95
19	80
20	15
21	80
22	95
23	85
24	25
25	85
26	90

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[REDACTED]

[illegible]

[illegible]

[illegible]

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[REDACTED]

[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

16 MS. HENN: Let's just mark quickly another  
17 exhibit, defense Exhibit 812.

18 THE REPORTER: 813.

19 MS. HENN: 813, thank you.

20 (Exhibit No. 813 was marked.)

21 BY MS. HENN:

22 Q. Mr. Walker, I hand you Defense  
23 Exhibit 813, Bates No. MCK-WVA-230.

24 Do you recognize that document?

25 A. Yes, I do.



1 Q. What is it?

[illegible]

[illegible]

12 MS. HENN: Thank you very much, Mr. Walker.

13 I have no further questions.

14 Do you mind if we take a break? It's been a  
15 long time. Let's go off the record, please.

16 THE VIDEOGRAPHER: We are going off the  
17 record. The time is 7:14 p.m.

18 (Recess taken.)

19 THE VIDEOGRAPHER: We are back on the  
20 record. The time is 7:38 p.m.

21 FURTHER EXAMINATION

22 BY MR. KENNEDY:

23 Q. Mr. Walker, this is Eric Kennedy.

24 I'm allowed to ask you some questions in response to  
25 the questions that your lawyer asked you a few

1 moments ago; all right?

2 A. I understand that.

3 Q. And I'm going to try to keep it brief  
4 because I know it's late in the day.

5 One of the things that you were shown by  
6 McKesson's lawyer was Defense Exhibit 804. And that  
7 was a January 18, 2006, letter written by a gentleman  
8 at McKesson to the DEA. It was written by Paul  
9 Julian. Do you remember that? Do you remember  
10 talking about that?

11 A. Yes.

[REDACTED]

24 BY MR. KENNEDY:

25 Q. All right. And you -- actually, I

1 think you read a footnote on page -1362 of the letter  
2 written to the DEA. Do you remember reading that  
3 footnote?

4 MS. HENN: Objection to form.

5 BY MR. KENNEDY:

6 Q. Sir, do you remember reading that  
7 footnote?

8           A.       Counselor, I remember describing the  
9   content of the footnote. I don't remember that -- I  
10 don't recall that I read it specifically. I just  
11 want to be clear.

[illegible]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8 MR. KENNEDY: Could you give me 686,  
9 Exhibit 686.

10 Q. And this is the Settlement Agreement  
11 with respect to the Internet pharmacy dosages; right?

12 I'm going to pull it up so we can look at  
13 it.

14 MS. HENN: Well, he may want it.

15 BY MR. KENNEDY:

16 Q. If you will go to the second page of  
17 that Settlement Agreement.

18 A. I got it.

19 MS. HENN: Great.

20 BY MR. KENNEDY:

21 Q. And so the DEA, the conduct that they  
22 were talking about was three million dosages to  
23 Maryland; right? In Maryland, three million doses.  
24 2.1 million into Florida. 2.6 million into Texas.  
25 824,000 into Utah. Right?

1 I mean, that's what this DEA settlement was  
2 all about for conduct in '04, '05, and '06; right?  
3 Correct?

4 A. This settlement covered the  
5 allegations that DEA made. So yes.

[REDACTED]

[illegible]



1 BY MR. KENNEDY:

2 Q. Between 2000 and 2005, you said you  
3 were out of Regulatory for that period of time, and  
4 what was your job?

5 A. I was -- I can't remember my specific  
6 title, but I was the Senior Vice President overseeing  
7 Six Sigma.

8 Q. And what did that involve? Did that  
9 involve regulation of controlled substances?

10 A. Not at all.

11 Q. Not at all.

12 How many meetings with the DEA did you go to  
13 between 2000 and 2005?

14 A. None.

15 Q. How many DEA seminars did you go to  
16 between 2000 and 2005?

17 A. None that I remember.

18 Q. How many regulatory meetings did you  
19 go to at McKesson between 2000 and 2005 with respect  
20 to controlled substances?

21 A. I don't recall going to any.

■ ■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

[illegible]

[illegible]

Responsibility	Percentage
Current government	85%
Previous government	10%
Neither	5%

4 MS. HENN: Counsel, I'm going -- we're going  
5 to need to go off the record so the court reporter  
6 can get her car out of the garage.

7 THE VIDEOGRAPHER: We are going off the  
8 record. The time is 7:50 p.m.

9 (Off the record.)

10 THE VIDEOGRAPHER: We are back on the  
11 record. The time is 7:58 p.m.

12 BY MR. KENNEDY:

The diagram consists of 14 horizontal bars of varying lengths and positions, arranged in a staggered fashion. The bars are colored in a light gray shade. The sequence of bars is as follows:

- Bar 1: Starts at the left edge, ends at approximately 1/4 of the width.
- Bar 2: Starts at approximately 1/4 of the width, ends at the right edge.
- Bar 3: Starts at the left edge, ends at approximately 3/4 of the width.
- Bar 4: Starts at the left edge, ends at approximately 1/2 of the width.
- Bar 5: Starts at approximately 1/2 of the width, ends at the right edge.
- Bar 6: Starts at the left edge, ends at approximately 3/4 of the width.
- Bar 7: Starts at the left edge, ends at the right edge.
- Bar 8: Starts at the left edge, ends at approximately 3/4 of the width.
- Bar 9: Starts at the left edge, ends at the right edge.
- Bar 10: Starts at the left edge, ends at approximately 3/4 of the width.
- Bar 11: Starts at the left edge, ends at approximately 1/4 of the width.
- Bar 12: Starts at approximately 1/4 of the width, ends at approximately 1/2 of the width.
- Bar 13: Starts at approximately 1/4 of the width, ends at approximately 3/4 of the width.
- Bar 14: Starts at the left edge, ends at the right edge.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

10 BY MR. KENNEDY:

11 Q. Let's look at how diligent you were  
12 in executing, then. Let's look at Exhibit 730, if we  
13 could.

14 MR. ASQUITH: It's a new one.

15 MS. HENN: Do you have a copy? That's the  
16 only copy.

17 Oh, this is an exhibit you withdrew. There  
18 you go.

19 (Exhibit No. 730 was marked.)

20 BY MR. KENNEDY:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

15 BY MR. KENNEDY:

16 Q. Exhibit 730 is an audit done by  
17 McKesson in March of 2011. Is that what it says on  
18 the cover page, March of 2011 Audit Report?

19 A. Yes.

20 Q. If you go to page -498069. Do you  
21 see that? "Level 1 Forms," do you see that title?  
22 Level 1 Forms.

23 A. Yes.

24 Q. Delran, what is that? Is that one of  
25 your distribution centers?

1           A.       Delran, New Jersey was one of our  
2   distribution centers.

[illegible]

1 Q. Now, New Castle. This is another  
2 distribution center; right?

3 A. Yes.

4 Q. Under that one it says:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

14 Q. Washington Court House, is that  
15 another distribution center?

16                    A.        Yes, it is.

17 Q. Does that say:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



























Response	Percentage
Yes	75%
No	25%

\_\_\_\_\_

25 Q. Conroe, on the next page. That's



1 another distribution center; is it not?

2                    A.        Yes, it is.

3 Q. Does that state:

[illegible]

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■	[REDACTED]
■	■ [REDACTED]
■	[REDACTED]
■	[REDACTED]
■	[REDACTED] [REDACTED]
■	[REDACTED]
■	[REDACTED]
■	■ [REDACTED] ■ [REDACTED]
■	[REDACTED]
■	■ [REDACTED] [REDACTED]
■	[REDACTED]
■	■ [REDACTED]
■	[REDACTED]
■	[REDACTED]
■	[REDACTED]
■	■ [REDACTED]
■	[REDACTED]
■	■ [REDACTED]
■	■ [REDACTED]
■	[REDACTED] [REDACTED] [REDACTED] [REDACTED]
■	[REDACTED]
■	■ [REDACTED] ■ [REDACTED]
■	■ [REDACTED]
■	[REDACTED]
■	■ [REDACTED]

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[REDACTED]

[illegible]



A horizontal bar chart consisting of 20 rows. Each row begins with a small, solid gray square marker. The bars themselves are gray and vary in their starting and ending horizontal positions across the rows, creating a stepped or irregular pattern. The bars are set against a light gray background.

24 BY MR. KENNEDY:

25 Q. Is Landover one of your distribution

1 centers, sir?

2 A. Landover was one of our distribution  
3 centers. It closed in 2012, I believe.

4 Q. And this comes from the DEA, so you  
5 should be aware of this.

[REDACTED]

23 BY MR. KENNEDY:

24 Q. Livonia, is that a distribution  
25 center of McKesson?

1                   A.       Yes, it is.

2 Q. In Michigan?

3 A. Michigan.

Response	Percentage
Yes, the U.S. should take action to reduce greenhouse gas emissions	95%
No, the U.S. should not take action to reduce greenhouse gas emissions	5%

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Response	Percentage
Yes, the U.S. should take action to address climate change	85%
No, the U.S. should not take action to address climate change	15%

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Response	Percentage
Doing a good job	65%
Not doing a good job	35%

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

19 BY MR. KENNEDY:

20 Q. Lakeland, Florida, that's a

21 distribution center; correct?

22                      A.        Yes.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7 BY MR. KENNEDY:

8 Q. Metheun, Massachusetts, is that  
9 another distribution center?

10 A. Yes, it is.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

25 Q. Sir, didn't McKesson get fined

1     \$150 million by the DEA because of their failures  
2     with respect to the 2008 program, leading all the way  
3     up from 2008 and '09, '10, '11, '12, '13, '14, '15,  
4     '16, and '17? \$150 million.

5             MS. HENN: Objection to form.

6     BY MR. KENNEDY:

7             Q.       Do you recall that, sir?

8             MS. HENN: Objection to form. Lacks  
9     foundation. Mischaracterizes.

10            THE WITNESS: All that I'm aware of is  
11     that -- and because it was public information, is  
12     that McKesson paid \$150 million. I don't understand  
13     any of the details of the settlement, of the  
14     documentation, because all of it occurred after I  
15     left the company.

16     BY MR. KENNEDY:

17            Q.       When did you leave the company?

18            A.       In June of 2015.

19            Q.       And the DEA fine of \$150 million  
20     involved conduct from '08 to '15, while you were the  
21     head of Regulatory; do you understand that?

22            MS. HENN: Objection to form. Lacks  
23     foundation.

24            THE WITNESS: Again, Counsel, I was not here  
25     when they -- all of that was finalized and completed.

1 So I don't understand what was in the allegations  
2 presented by the DEA.

3 MR. KENNEDY: Give me P.88, please. This is  
4 Exhibit 814.

5 (Exhibit No. 814 was marked.)

6 BY MR. KENNEDY:

7 Q. If you will look at that very last  
8 page. Do you see that this is dated 1-5-17, at least  
9 the signatures, one of the signatures? 1-5-17, it's  
10 on the back cover.

11 A. Yes.

12 Q. If you look at the front cover, the  
13 front page, is this titled, "Administrative  
14 Memorandum Agreement?

15 A. Yes, it is.

16 Q. And does the first paragraph say:

17 (Reading) The Administrative  
18 Memorandum Agreement is entered into  
19 by and between the United States  
20 Department of Justice, Drug  
21 Enforcement Administration, and  
22 McKesson Corporation (end of reading)?

23 Is that what it says?

24 A. Yes.

25 Q. And if you'll go to page 88.3 up at

1 the -- up at the top. And look at No. 2. Does No. 2  
2 say, "Acceptance of Responsibility"?

3 A. Yes.

4 Q. That's acceptance of responsibility  
5 by McKesson; isn't it, sir?

6 MS. HENN: Objection to form.

7 BY MR. KENNEDY:

8 Q. Is that what that means?

9 MS. HENN: Objection to form.

10 THE WITNESS: That's what it says, Counsel.  
11 Quite honestly, I don't know under the legal terms of  
12 a settlement agreement what that means. I don't have  
13 the legal expertise.

14 BY MR. KENNEDY:

15 Q. Well, so what I'm -- can you explain  
16 to me how you can come in here and tell us that  
17 McKesson was diligent and aggressive in following and  
18 implementing its 2008 agreement, and you haven't read  
19 the settlement covering that same period of time with  
20 respect to the implementation of that program? How  
21 can you -- how can you not have read this?

22 MS. HENN: Objection to form.

23 THE WITNESS: Counsel, I wasn't with the  
24 company when -- to my knowledge, when this document  
25 was -- was generated.

1 BY MR. KENNEDY:

2 Q. How many hours have you spent with  
3 McKesson's lawyer prior to today reviewing documents  
4 and other materials in preparation for today's  
5 testimony? How many hours, sir?

6 A. A number of them.

7 Q. How many, sir?

8 A. Five or six.

9 Q. And how many different days, sir?

10 A. How many different days?

11 Q. Yes.

12 A. Five or six.

13 Q. Five or six days?

14 A. Yes.

15 Q. And they never showed you this  
16 document before you came in here to testify that  
17 McKesson was aggressive and diligent in implementing  
18 its policies? You were never shown this?

19 A. In reviewing this document, I think  
20 it was shown. This document, I believe, we did not  
21 cover in detail.

22 Q. Well, under "Acceptance and  
23 Responsibility," go down about four or five lines  
24 down in the middle where the sentence starts with,  
25 "McKesson."

1 Does it state:

2 (Reading) McKesson acknowledges that,  
3 at various times during the period  
4 from January 1, 2009, up through and  
5 including the effective date of this  
6 agreement (the covered period of  
7 time), it did not identify or report  
8 to DEA certain orders placed by  
9 certain pharmacies which should have  
10 been detected by McKesson as  
11 suspicious based upon the guidance  
12 contained in the DEA letters about the  
13 requirements set forth in 21 C.F.R  
14 1301.74(b) and 21 U.S.C 842(a)(5)  
15 (end of reading)?

16 Do you see where it states that McKesson  
17 acknowledged those failures; sir? Is that what it  
18 states?

19 MS. HENN: Objection to form.

20 THE WITNESS: That's what the document  
21 states.

22 BY MR. KENNEDY:

23 Q. Look down to the next paragraph, if  
24 you would. About five lines down it starts with  
25 "McKesson." Do you see that?

1 A. Yes.

2 Q. Does it state, again:

3 (Reading) McKesson acknowledges that,  
4 at various times during the covered  
5 time period, it did not identify or  
6 report to DEA certain orders placed by  
7 certain pharmacies which should have  
8 been detected by McKesson as  
9 suspicious in a manner fully  
10 consistent with requirements set forth  
11 in the 2008 Memorandum of  
12 Understanding (end of reading)?

13 Is that what it states?

14 A. That's -- yes, that's what it states.

15 Q. Covered conduct, No. 3, A. Does it  
16 state:

17 (Reading) McKesson failed to maintain  
18 effective controls against diversion  
19 of particular controlled substances  
20 into other than legitimate medical,  
21 scientific, and industrial channels by  
22 sales to certain of its customers in  
23 violation of the Controlled Substance  
24 Act and the Controlled Substance Act's  
25 implementing regulations (end of

1 reading)?

2 Does it say that?

3 A. Yes.

4 Q. And then does it outline the  
5 different distribution centers where these failures  
6 occurred, sir?

7 MS. HENN: Objection to form.  
8 Mischaracterizing the document.

9 BY MR. KENNEDY:

10 Q. Does it outline the distribution  
11 centers where this conduct occurred?

12 MS. HENN: Same objection.

13 BY MR. KENNEDY:

14 Q. Does it, sir?

15 A. Just a minute.

16 What I -- what I read is that the  
17 distribution centers listed there -- it said at  
18 McKesson -- at the distribution centers, including  
19 the following, with the list of distribution centers  
20 that are down below.

21 Q. Right. Distribution center --  
22 McKesson Distribution Center in Colorado, Illinois,  
23 New Jersey, Wisconsin, Florida, Maryland, Nebraska,  
24 Michigan, Massachusetts, and California; correct?

25 A. That's what's written in the



1 document.

7 Q. Let's look to the next page. If we  
8 look at C, this was specific to what you've been  
9 telling us. Does it state on C:

10 (Reading) McKesson failed to follow  
11 the procedures and policies set forth  
12 in the McKesson CSMP to detect and  
13 disclose suspicious orders of  
14 controlled substances (end of  
15 reading)?

16 Is that what it states, sir?

17 A. Yes, that's what the document states.

18 Q. Does it next state:

19 (Reading) Among other things, McKesson  
20 failed to conduct adequate due  
21 diligence of its customers, failed to  
22 keep complete and accurate records of  
23 the CSMP files maintained for many of  
24 its customers, and bypassed suspicious  
25 order reporting procedures set forth

1 in McKesson's CSMP (end of reading)?

2 Did I read that right?

3 A. You read that correctly.

4 Q. And, sir, could we agree -- and I'm  
5 only going to ask you one more time. Could we agree  
6 that writing a policy, putting it on paper, meeting  
7 with the FDA [sic] and saying these are our policies,  
8 that doesn't do anybody any good unless you follow  
9 your own policies?

10 MS. HENN: Objection to form.

11 BY MR. KENNEDY:

12 Q. Could we agree to that, sir?

13 A. I don't agree with that statement. I  
14 strongly believe that we were executing and doing  
15 everything in our capability that we could to manage  
16 our Controlled Substance Monitoring Program.

17 Q. And the FDA [sic] disagreed when they  
18 fined you \$150 million; correct?

19 MS. HENN: Objection to form.

20 THE WITNESS: Again, I'm not going to  
21 speculate, because I wasn't involved in the process  
22 of how that was negotiated and reached.

23 MR. KENNEDY: I have nothing further. Thank  
24 you, sir.

25 MS. HENN: We have no further questions

1     either.

2                 We have just two things to note. We would  
3     request that the transcript be designated highly  
4     confidential pending review and further designations.

5                 And we request that the witness have the  
6     opportunity to read and sign.

7                 Thank you very much.

8                 THE VIDEOGRAPHER: This concludes the video  
9     deposition of Donald Walker, consisting of eight  
10    media.

11                The time is 8:23 p.m. We are off the  
12    record.

13                (The deposition was concluded at 8:23 p.m.)

14                                 --o0o--

15

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17

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25

1                   Please be advised I have read the foregoing  
2 deposition, and I state there are:

3    (Check one)       \_\_\_\_\_NO CORRECTIONS

4                               \_\_\_\_\_CORRECTIONS PER ATTACHED

5

6

7

8                   \_\_\_\_\_  
DONALD WALKER

9

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1 DEPONENT'S CHANGES OR CORRECTIONS

2 Note: If you are adding to your testimony, print the  
3 exact words you want to add. If you are deleting from  
4 your testimony, print the exact words you want to  
5 delete. Specify with "Add" or "Delete" and sign this  
6 form.

7 DEPOSITION OF: DONALD WALKER

8 CASE: IN RE NATIONAL PRESCRIPTION OPIATE LITIGATION

9 DATE OF DEPOSITION: JANUARY 10, 2019

10	PAGE	LINE	CHANGE/ADD/DELETE/REASON
11	_____	_____	_____
12	_____	_____	_____
13	_____	_____	_____
14	_____	_____	_____
15	_____	_____	_____
16	_____	_____	_____
17	_____	_____	_____
18	_____	_____	_____
19	_____	_____	_____
20	_____	_____	_____
21	_____	_____	_____
22	_____	_____	_____
23	_____	_____	_____

24 DEPONENT'S SIGNATURE \_\_\_\_\_

25 DATE \_\_\_\_\_

1 CERTIFICATE OF REPORTER

2 I, SANDRA BUNCH VANDER POL, a Certified  
3 Shorthand Reporter, hereby certify that the witness in  
4 the foregoing deposition was by me duly sworn to tell  
5 the truth, the whole truth and nothing but the truth  
6 in the within-entitled cause;

7 That said deposition was taken down in shorthand  
8 by me, a disinterested person, at the time and place  
9 therein stated, and that the testimony of the said  
10 witness was thereafter reduced to typewriting, by  
11 computer, under my direction and supervision;

12 That before completion of the deposition, review  
13 of the transcript was requested. If requested, any  
14 changes made by the deponent (and provided to the  
15 reporter) during the period allowed are appended  
16 hereto.

17 I further certify that I am not of counsel or  
18 attorney for either or any of the parties to the said  
19 deposition, nor in any way interested in the event of  
20 this cause, and that I am not related to any of the  
21 parties thereto.

22 DATED: JANUARY 14, 2019

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SANDRA BUNCH VANDER POL, CSR 3032

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